School of Theology at Claremont
1001 1411022

ecent Economic Thought

Economics and Religion: Are They Distinct?

Edited by
H. Geoffrey Brennan
and
A.M.C. Waterman

Kluwer Academic Publishers
Boston / Dordrecht / London

ECONOMICS AND RELIGION:
Are They Distinct?

Recent Economic Thought Series

Editor:

Warren G. Samuels
Michigan State University
East Lansing, Michigan, U.S.A.

Other books in this series:

Mercuro, N.: *Law and Economics*
Hennings, K. and Samuels, W.: *Neoclassical Economic Theory, 1870-1930*
Samuels, W.: *Economics as Discourse*
Lutz, M.: *Social Economics*
Weimar, D.: *Policy Analysis and Economics*
Bromley, D. and Segerson, K.: *The Social Response to Environmental Risk*
Roberts, B. and Feiner, S.: *Radical Economics*
Mercuro, N.: *Taking Property and Just Compensation*
de Marchi, N.: *Post-Popperian Methodology of Economics*
Gapinski, J.: *The Economics of Saving*
Darity, W.: *Labor Economics: Problems in Analyzing Labor Markets*
Caldwell, B. and Boehm, S.: *Austrian Economics: Tensions and Directions*
Tool, Marc R.: *Institutional Economics: Theory, Method, Policy*
Babe, Robert E.: *Information and Communication in Economics*
Magnusson, Lars: *Mercantilist Economics*
Garston, Neil: *Three Paradigms*
Friedman, James W.: *Problems of Co-ordination in Economic Activity*

2
6
14

ECONOMICS AND RELIGION:
Are They Distinct?

Edited by

H. Geoffrey Brennan
Australian National University

and

A. M. C. Waterman
University of Manitoba

Kluwer Academic Publishers
Boston/Dordrecht/London

Distributors for North America:
Kluwer Academic Publishers
101 Philip Drive
Assinippi Park
Norwell, Massachusetts 02061 USA

Distributors for all other countries:
Kluwer Academic Publishers Group
Distribution Centre
Post Office Box 322
3300 AH Dordrecht, THE NETHERLANDS

Library of Congress Cataloguing-in-Publication Data
Economics and religion: are they distinct? / edited by H. Geoffrey Brennan and A. M. C. Waterman.
p. cm. — (Recent economic thought)
Includes index.
ISBN 0-7923-9443-7
1. Economics—History. 2. Religion—History. 3. Economics—Religious aspects—History. I. Brennan, H. Geoffrey.
II. Waterman, Anthony Michael C. III. Series.
HB71.E2675 1994
330—dc20 93-50649
CIP

Copyright © 1994 by Kluwer Academic Publishers

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publisher, Kluwer Academic Publishers, 101 Philip Drive, Assinippi Park, Norwell, Massachusetts 02061 USA.

Printed on acid-free paper.

Printed in the United States of America.

Theology Library
SCHOOL OF THEOLOGY
AT CLAREMONT
California

Contents

Contributing Authors vii

Acknowledgments ix

1
Introduction: Economics *and* Religion? 3
H. Geoffrey Brennan and A. M. C. Waterman

PART ONE: CASE STUDIES

2
Theological Positions and Economic Perspectives in Ancient Literature 19
Barry Gordon

3
Whately, Senior, and the Methodology of Classical Economics 41
A. M. C. Waterman

4
John Bates Clark: The Religious Imperative 61
John F. Henry

5
Wicksteed: Economist and Prophet 77
Ian Steedman

6
Frank Knight: Economics versus Religion 103
Ross B. Emmett

7
ORDO **Liberalism and the Social Market Economy** 121
Richard E. Wagner

8
Keynes and Knowledge 139
T. K. Rymes

PART TWO: INTERPRETATIVE ESSAYS

9
The Impact of Theological Predispositions on Economics: A Commentary 163
H. Geoffrey Brennan

10
Mappings of (Economic) Meaning: Here Be Monsters 179
A. B. Cramp

11
The Religious Content of Economics 193
Sheila C. Dow

12
Comment 205
G. C. Harcourt

13
Review of the Evidence 213
Paul Heyne

14
Economics as Religion 227
Robert H. Nelson

15
The Impossibility of a Theologically Sensitive Economics 237
Karen I. Vaughn

16
Summary If Not Conclusions 249
H. Geoffrey Brennan and A. M. C. Waterman

References 259

Index 279

Contributing Authors

H. Geoffrey Brennan, Director
Research School of Social Sciences
The Australian National University
Canberra, ACT 0200, Australia

A. B. Cramp
Emmanuel College
Cambridge CB2 3AP
England

Sheila C. Dow
Department of Economics
The University, Stirling FK9 4LA
Scotland

Ross B. Emmett
Augustana University College
Camrose, Alberta T4V 2R2
Canada

Barry Gordon
Department of Economics
The University of Newcastle
Shortland, NSW 2308, Australia

G. C. Harcourt
Jesus College
Cambridge CB5 8BL
England

John F. Henry
Department of Economics
California State University
Sacramento, CA 95819-6082

Paul Heyne
Department of Economics
University of Washington
Seattle, WA 98195

Robert H. Nelson
School of Public Affairs
University of Maryland
College Park, MD 20742

T. K. Rymes
Department of Economics
Carleton University
Ottawa K1S 5B6, Canada

Ian Steedman
Economic and Social Studies
The Victoria University of
Manchester
Manchester M13 9PL, England

Karen I. Vaughn
Department of Economics
George Mason University
Fairfax, VA 22030

Richard E. Wagner
Department of Economics
George Mason University
Fairfax, VA 22030

A. M. C. Waterman, Director
Institute for the Humanities
University of Manitoba
Winnipeg R3T 2N2, Canada

Barry Lewis John Gordon, 1934-1994

As this book was going to press, the editors learned with the deepest regret of the sudden death from heart attack of Barry Gordon on 17 March 1994.

Barry's entire career was spent at the University of Newcastle, New South Wales, and he was Professor Emeritus at his death. Though best known latterly for his unrivalled knowledge of economic thought in the Ancient World, he made distinguished contributions to two other fields: the effect of political economy on public policy debate in early nineteenth-century Britain; and labour economics and industrial relations, much of the latter in collaboration with his wife, Moira. His researches were published in 6 books, 34 articles—many in world-famous journals, and numerous monographs and chapters in other books such as this. He was a Fellow of the Academy of Social Sciences of Australia, and editorial board member of *History of Political Economy.*

Though Barry was highly valued by his colleagues and students, and his scholarship and learning respected and admired by a wide circle throughout the English-speaking world, his outward achievements gave only a hint of the warmth, vitality and goodness that charmed and enlivened all who knew him personally. Athlete, wine-lover, jazz enthusiast and generous host, he had a gift for friendship that now seems rare. His intellectual interests, social conscience, moral integrity, joy of life and devotion to family were alike animated by a faithful christianity nurtured in the Church of Rome, of which he remained a loyally critical member until his death.

Acknowledgments

The editors and other authors are grateful to all who have read and commented on work-in-progress, in particular to Hugh Boyd, Bradley Bateman, Knud Haakonssen, Joan Harcourt, Rebecca Harcourt, Mary Kinnear, Rod O'Donnell, Catherine Price, Larry Read, Colin Rogers, Dorothy Slater, Viktor J. Vanberg, Adrian Winnett, Stan Winer; and also to Margaret Waterman for editorial assistance.

In addition, some of us wish to acknowledge research support during our part in this project: John Henry for a Research Award of California State University at Sacramento; Ian Steedman for the hospitality of the University of Graz, Austria; Richard Wagner for funding from the Lynde and Harry Bradley Foundation; and Anthony Waterman for Research Fellowships at the University of Manitoba Institute for the Humanities and the Australian National University.

Ross Emmett and the editors wish to thank the University of Chicago for permission to quote from the Frank Knight papers held in the University Archives.

The project would not have begun without the inspiration and encouragement of Warren J. Samuels, nor ended but for the devoted labors of our secretarial assistants in 11 different universities widely scattered throughout the English-speaking world. The editors are particularly indebted to Margaret Doyle of the Australian National University; and to Helga Dyck of the University of Manitoba for maintaining communications among us all, and bringing a heterogeneous assortment of copy to a unified and pleasing consummation.

ECONOMICS AND RELIGION:

Are They Distinct?

1 INTRODUCTION: ECONOMICS *AND* RELIGION?

H. Geoffrey Brennan and
A. M. C. Waterman

1. How It All Began

Some years ago, the two editors and another contributor to this volume were invited to a small conference on *Economics and Religion* organized by the late Karl Brunner. Brunner had assembled a group of "liberation theologians" with a (somewhat larger) number of notable economists, including at least one Nobel Laureate, to which he added a few other economists known to have religious beliefs, of whom Brennan, Waterman, and Heyne were three. Brunner's object seemed to be to demonstrate to the liberation theologians the hopeless inadequacy of their understanding of the economic order.

The whole event was a spectacular disaster. Tempers were lost. Insults were hurled. Yet nothing seemed to stick. Economists would make their points with the confident air of blowing the theologians out of the water; the theologians would carry on as though nothing of any relevance had been said. And vice versa. Those few of us in the middle, willing to sympathize with both sides and able to appreciate something of the arguments of each, were reduced to an appalled silence. One had the sense of a game of chequers being attempted with black pieces on the white squares and white pieces on the black. There was simply no engagement, only an endless talking at cross-purposes. Whatever else the outcome, those with a disposition to learn *anything* from the conference learned that genuine disagreement is an intellectual achievement and that locking horns in battle requires some common ground on which to stand.

In some ways, this book is a belated response to that painfully memorable occasion. Our object is to establish some such common ground and at the same time to clarify the *differences* in terrain. For if theology and economics are indeed distinct activities, one will not be led to respond to a theological objection with an economic answer or vice versa.

Had the conference been an isolated incident this book would have a very small audience indeed. But such is hardly the case. The conference merely played out on a small scale what is an increasingly common experience: a kind of prevailing confrontation between the agents of religious authority on the one hand and the representatives of mainstream economics on the other. The conference itself was motivated by Brunner's anxiety over various "Bishops' statements" on the economy, which in Brunner's view showed scant regard both for what the economic "experts" were actually saying and also for the nature of the experts' reasoning. These days it seems hardly possible for any economist who is known to have religious convictions to avoid being dragged into some debate on economic questions among fellow believers, nor to avoid a profound sense of frustration and terminal weariness over the engagement. For a variety of reasons, Bishops and Ayatollahs, synods and councils, feel obliged to "speak out" on issues of public policy: matters that depend increasingly on economic arguments for their public political justification.

At the same time, there is a growing methodological self-consciousness within economics itself. The rise of economics to prominence in public life, almost fulfilling Whately's prophesy to Coplestone (Chapter 3) that "*...before too long, political economists, of some sort or other, must govern the world,*" has intensified the scrutiny directed against it by other disciplines, not least from those displaced in influence and authority. Much of that scrutiny is methodological in character. It focuses on such questions as the fact/value disjunction so beloved of economists and on the putatively "scientific" status of economic analysis and sometimes, too, on the disregard which economics or its practitioners appear to exhibit toward the perceptions of participants in the economic process. These matters are also at stake in the dialogue, such as it is, between economics and religion. A recurrent theme in liberation theology, for example, is the epistemic authority of the felt experience—including the *interpretation* of that experience—of individuals, governments, and "movements" in Third World countries. Knowledge comes by *praxis,* we are told, and is crucially affected by the "social location" of the participant. To the economist, however, these felt experiences are hardly central, and their interpretation is commonly assumed to be hopelessly uninformed and unreflective, having no more authority than the intuitions and prejudices, say, of a first-year undergraduate in a typical Western university: intuitions and prejudices which the academic economist, almost by definition, is committed to discipline and correct. Or to take another related example: a religious critique of economics will often—implicitly or otherwise—insist on the impossibility of any "purely objective" economic analysis, and claim thereby an authority over the ineradicably subjective and value-laden elements. Economists may not think that the religious version of this critique has much that is distinctive to add to other versions, but engagement with the specifically religious version may nevertheless be of methodological interest to the profession at large.

Other developments, interior to the economics profession, are relevant to increasing methodological self-consciousness. One of the most notable is anxiety about economics graduate training in the United States (expressed in the American Economic Association's special inquiry into this issue). Increasingly, critics argue, economics graduates are losing touch with their own subject matter. Too much attention is placed on high theory, requiring ever-increasing, purely technical firepower, while at the same time less attention is placed on the basic concepts of economic analysis and on the institutions and experiences that make up what we commonly term "the economy." The universities, so the doubters allege, are turning out white-coated technocrats, unfit to practice effectively as economists in the "real world." This issue, of course, is not one to which the question of the relation between economics and religion is directly addressed. However, the challenge we see in that latter question involves a specification of the kind of enterprise that economics is. As is often the case, religion poses the big questions in terms of which identity, including *professional* identity, are worked out.

This, then, is our central question: *what is the relation between religion and economics?* In particular, are theology and economics entirely autonomous and distinct areas of inquiry? For if they *were* entirely autonomous, then virtually any position on religious questions (including aggressive atheism) would be consistent with any position on economic questions. And any attempt on the part of economists to engage intellectually with theologians, or vice versa, would simply be an exercise in shadow-boxing. On this account, the failure of the Brunner conference lay not so much in the fact that economists and theologians could not engage, but rather in the expectation that things could have been otherwise. The real problem, on this view, is that economists or theologians, or both, fail to understand just what it is that their professional expertise permits them to speak of with authority. If each were clear on this matter, a happy though boring coexistence would be not merely possible but required professionally. Arguments for some particular economic position would have *no* logical implications for any religious position, and vice versa.

2. What Do We Mean by "Economics" and "Religion"?

It is evident that finding an answer to our central question, so defined, is a matter of deciding what "economics" and "religion" really *are* when properly construed. It may, for example, be perfectly possible to define the discipline of economics in such a way that no conflict with religion (plausibly construed) could ever arise. But the definition of economics so rendered might be so hopelessly narrow, so empty, so emasculated, that no economist would ever recognize that definition as appropriate. And likewise for religion.

It is equally obvious that one approach to the question would be to offer a *smorgasbord* of competing definitions of each category, and decide the issue by examining the various possible combinations. A book of some worth might be written on this basis, though for reasons we shall explain this is not what we have aimed at here. Nevertheless it may be helpful in ordering the discussion that follows to indicate roughly how such a line of argument might go.

2.1 Economics

On the side of economics, three broad definitions are possible, distinguished by their scope and reference. First and in some ways most broadly, economics can be defined by reference to its *subject matter.* Anything to do with incomes, prices, Gross Domestic Product, wealth, interest rates, productive activity, consumption—the kinds of things we usually think of when people mention the "economy" or "economic variables"—falls within the boundary of "economics" so understood. On this construal, when the Koran talks of interest rates, or the Bible of wealth, those books are "doing economics."

Secondly, economics can be defined by reference to its *method:* what Paul Heyne (1991) calls *The Economic Way of Thinking* in his admirable textbook of that name. According to this understanding, the core of economics consists of certain basic assumptions—methodological individualism, rationality, predominant egoism—together with a set of techniques for using them, which permit us to explain a wide range of social phenomena.

That a clear distinction exists between these two conceptions of economics is evident. For example, one might offer an explanation of market behavior that is thoroughly sociological in its analytic style—"functionalist," say—one that uses classes rather than individuals as the relevant actors, and in which relative prices have no explanatory significance. Such an explanation would be economic in the first sense, but not in the second. Conversely, an account of criminal behavior might be economic in the second sense, depending on the rational behavior of individual agents in response to relevant incentives, but not in the first sense (particularly if the incentives included shame and public disgrace if caught). The extension of economic method into criminology, law, sociology, and politics (Public Choice) is nowadays fairly routine: they are clearly instances of economics only in the second sense.

Within the second technical understanding of economics a further distinction is possible: one that exploits the positive/normative divide about which economists make much ado. Economics could be construed as including *both* "positive" analysis of the consequences of changes in exogenous parameters *and* the "normative" analysis of the effect of such changes on "efficiency" and "equity" (or other "welfare" criteria). Alternatively, economics could be understood as concerned only with the positive—and putatively "scientific"—element. In practice, economists too often claim the authority of a purely scientific status for all manner of policy recommendations, or at the very least assert that efficiency is a positive concept while equity is a normative one. In so doing they reveal a deep confusion about just what it is that the positive/normative distinction really means. Nevertheless, that distinction is one to which most economists are committed in principle, even those who believe that the purpose of economics is chiefly or solely to "make the world a better place."

We are therefore left with three possible and quite distinct meanings of economics: economics as subject matter; economics as method, including welfare economics and the normative apparatus that attaches to it; and economics as method which explicitly excludes welfare economics and is restricted to the putatively scientific, merely positive component of economic analysis.

2.2 Religion

Like economics, religion can be understood broadly and loosely as a set of related social phenomena that comprise its subject matter. Religion is "about" such things as observing the Sabbath, reciting the Koran, paying tithes, obeying the Ten Commandments, and Getting to the Church on Time. But what connects these very different activities is that each is related in some way to a social recognition of the transcendent aspects of human experience. Sacred myth and sacred history embodied in dogma, ritual, art, and law bind us to one another and to God. One way of being more precise about all this, therefore, is to identify three different aspects of religion as realized in individual consciousness: the *spiritual*, the *ethical,* and the *intellectual*.

The first is what many, especially those raised in the Judaeo-Christian tradition, would regard as the most fundamental. *Spiritual* religion is the personal encounter with God, not only in liturgy but in private prayer, meditation, and direct revelation. A distinguished philosopher (Kolakowski, 1983) has argued that direct revelation is a *sine qua non* of authentic religious knowledge. But a recognition of God as willing certain ends for His creatures entails what we may label the *ethical* aspect: the Mosaic law and the two Great Commandments of Jesus, for example. Many who accept the spiritual claims of religion actually regard what they see as the more "practical" ethical implications of belief as of greater importance. The "cash value" of spirituality is revealed in its effect upon individual and social ethics.

In virtually every culture, moreover, are some who recognize the *intellectual* problems presented by the claim to have experience, or indirect knowledge, of God, and by the prescription of norms of behavior held to be consistent with or derived from that knowledge. Though thinking about the spiritual and ethical aspects of religion may rank lower, *sub specie aeternitatis*, than prayer and good works, it is nonetheless a religious activity if its object is to safeguard the integrity of religious faith and morals. At its most ambitious "theology" means what its etymology claims for it, which is "knowledge of

God."

2.3 Some Possible Combinations

All this is a taxonomist's paradise. Even so tentative, unrefined, and incomplete a classification allows nine logically possible ways of combining economics *and* religion.

Table 1-1
Economics *and* Religion: Some Possible Combinations

Religion as:	*Economics as:* subject matter	positive and normative analysis	positive analysis
Spirituality	1	2	3
Morality	4	5	6
Theology	7	8	9

It would be possible to pursue this analysis in some detail by attempting to discover, for each entry in Table 1-1, where possible conflict or congruence might arise between economics and religion as defined by row and column. With class 5, for example, interest might focus on the question of whether and to what extent the utilitarianism which in various guises has dominated the development of economics is consistent with, or implied by, the central tenets of Christian ethics. Related questions arise. Is the modern contractarian element in welfare economics as laid out in the work of Buchanan (1977) properly to be understood merely as a feasible variant of utilitarianism—that is, as a response to Robbins (1952)—or is it grounded in quite different ethical norms? And if the latter, how do *those* ethical norms consort with Christian morality? For that matter, is Christian morality itself predominantly consequentialist (as Paley supposed and Whately contested), or is it deontological and perhaps closer to the "virtue ethics" of Alistair MacIntyre (1984)?

3. Plan and Purpose of This Book

All this logic-chopping is quite instructive in its own way. But it has not seemed to us to be the only, or even the best, way of approaching the questions at issue in the relation between religion and economics. We shall therefore eschew taxonomy and use a different approach. The reason for our rejection of a purely taxonomic inquiry is that neither religion nor economics is completely defined by the taxonomist's categories. For one thing, carving up economics along the lines indicated raises some major problems. Not for nothing, for example, does the term economics refer both to a subject matter and to an analytical method. The analytical method was devised to deal with that subject matter, and its tools show the marks of their work. By the same token, if it is the case—as Pigou asserted in the introduction to his *Economics of Welfare* (1932)—that the ultimate purpose of the study of economics is to improve the human lot, then purely positive analysis itself will necessarily reflect the normative conceptions that lie behind it. For example, (purely positive) analysis of the consequences of alternative policies will be largely beside the point if those consequences are judged to be ethically irrelevant or of second-order relevance. Yet they might be so judged under various deontological ethical theories, of which "Christian virtue" or Jewish obedience to the law could be regarded as examples. Analogous points might be made about the arbitrariness of any division between religion as a spiritual encounter and the implications of that encounter for the moral life. More significantly perhaps, any purely logical analysis is all too likely to do violence to actual practice. People do not live by logic alone.

The definition of economics as "what economists do" may be crude and inadequate, but it contains a germ of truth. The actual practice of economists must be an important piece of relevant evidence. What can we learn from particular cases in which the insights and disciplines of economics and religion have been opposed or combined in various ways? Such an approach is the more attractive to us in that work of this kind by two highly distinguished economists is already well known to the profession. Joseph Schumpeter's *History of Economic Analysis* (1954) contains an important chapter on "The Scholastic Doctors and the Natural Law," as well as other more scattered material, which illustrates the way in which positive analysis may—and indeed must—emerge from the normative matrix of theological dogma when the general prescriptions laid down by dogma have to be applied in particular times and places. Jacob Viner's Jayne Lectures (1972) and his posthumous fragment on *Religious Thought and Economic Society* (1978) explore various economic aspects of Christian social thought from the Church Fathers to eighteenth-century Anglicanism. More recently Barry Gordon (1989), Odd Langholm (1992), and many others have greatly extended and developed such investigations. One of the editors (Waterman, 1983, 1991) has identified an "ideological alliance of political economy and christian theology" which came into existence very soon after the publication of *Wealth of Nations*.

Our strategy has therefore been to direct attention to some notable examples. We have for the most part chosen famous economists who have also been well known for their religious beliefs. Richard Whately, John Bates Clark, and P. H. Wicksteed are the best examples of this category since all three saw themselves quite explicitly to be impelled in their work as economists by religious concerns. The *ORDO* liberals are a broader group, including both committed Christians and others, who aimed for a broader secular appeal. Frank Knight was avowedly *anti*-religious (certainly an opponent of Christian morality as he understood it). But religion played such an important part in Knight's work that it has seemed essential to include him. Keynes can best be looked at as a "control." His was an entirely secular morality, derived as Rymes shows from Moore's idealism. In this case we may ask whether Keynes's considered and consistent atheism (which itself might almost be regarded as a form of religious belief) made any difference to his professional work; and whether his *secular* moral convictions influenced his economics in a manner analogous to the effects of the *religious* morality of others. In addition to these studies we have also chosen to include a somewhat different investigation: that of the extent to which economics in any of the senses considered above may be found in the biblical literature of Judaism and Christianity. For the religious beliefs of virtually every economist until very lately have been decided in conformity with, dissent from, or rejection of the subject matter of that literature.

The whole approach is unashamedly inductive. We are "trawling the data" for insight. Nevertheless we have attempted to impose certain restrictions both on the seven case studies that we commissioned and also on the interpretative essays that are intended to assess the evidence of those studies. The case studies were expected to throw light on the extent to which economics may properly be regarded as independent of the religious beliefs of its practitioners. And the authors of the commentaries were required to act as members of a jury. The question before the jury was to be: "How sensitive is economics to theological considerations?" The verdict of each juror was to be delivered on the basis of the evidence afforded by the case studies as a whole.

As we have already seen, what counts or ought to count as "economics" is an open question. We decided to confine the term to what Schumpeter understood by *economic analysis*. According to Schumpeter, science is "tooled knowledge" and scientists are recognizable as such by the use of special techniques of inquiry.

> What distinguishes the 'scientific economist' from all the other people who think, talk and write about economic topics is a command of techniques that we class under three heads: history, statistics and 'theory.' The three together make up what we shall call Economic Analysis. [Schumpeter, 1954, p. 12. On pp. 20 and 21 Schumpeter added Economic Sociology to this set of techniques, "though positive work in this field also leads us beyond mere economic analysis."]

Schumpeter claimed that "Analytic effort starts when we have conceived our vision" where "vision is ideological almost by definition" and determined, of course, by religious belief among other influences. But he also believed that "the rules of procedure that we apply in our analytical work are almost as much exempt from ideological influence as vision is subject to it" and moreover that "they tend to crush out ideologically conditioned error from the visions with which we start" (pp. 42, 41, 43).

What might count as "religion" is equally problematic. But for our purposes, which were first and foremost to investigate the *intellectual* relation between economics and religion, it seemed appropriate to confine our attention to theology. Which theology? It hardly matters. For if economic analysis is sensitive to *any* theological considerations, its scientific claims are impaired. We therefore decided to limit our scope to the "Western" religious tradition, within which what we now call "economics" gradually emerged by the eighteenth century as a recognizable and ostensibly secularized program of inquiry. Our authors were therefore to understand by *theology* the academic enterprise of criticizing and maintaining the coherence of the tradition of faith transmitted in the sacred writings of "Western"—that is Hebrew, Christian, and Islamic—religion. As it turned out, the case studies referred almost entirely to Christianity and mainly to Protestant Christianity at that. Although this might have been a serious limitation in many of the other books about economics and religion that we might have produced, it is, we believe, of no consequence in this one.

In terms of Table 1-1, therefore, we have attempted to restrict the discussion to class 9, though some spillover will inevitably take place into the adjacent classes 6, 8, 5 and possibly even into others. In so doing we hope to have presented our authors with a strong hypothesis to test.

> *Is it, or is it not, the case that the "rules of procedure" we can observe as having been applied in the "analytic work" of economists are "as far removed from the influence of ideologies [specifically the result of*

> *theological considerations in this case] as are the techniques of any other science"?*

The case studies comprise Part I of this book and have been listed chronologically. The interpretative essays, representing the report of the jury, comprise Part II and have been listed alphabetically by author's name. In a final concluding chapter the editors attempt to summarize both the evidence and the findings of the jury before submitting the whole collection to that higher court, which is the economics profession as a whole.

PART ONE: CASE STUDIES

2 Theological Positions and Economic Perspectives in Ancient Literature

Barry Gordon

The analysis in this chapter draws on sections of the Hebrew and Judaic scriptures, the New Testament, the writings of two of the Christian Church Fathers, and the poetry of Hesiod. Discussion is organized in terms of four questions. The answers to them help point up relationships between theological positions and differing degrees of attention to, as well as understandings of, matters of interest to economists. The questions are:
1. Why is it that two of the main contributors to the Pentateuch differ markedly in the extent to which they are concerned with the economic dimensions of the events they are recounting?
2. Why are there notable differences among pagan, Jewish, and Chris-

tian writers in their treatments of the nature and significance of work?
3. Why do post-exilic Jewish authors differ on the question of the characteristics of the economy to be looked for in a restored Israel?
4. Why is there a divergence of opinion among Church Fathers on the viability of communal ownership as a basis for the conduct of a Christian economic order?

1. Attention to Economic Dimensions

According to the "documentary hypothesis" of the Old Testament propounded by Julius Wellhausen (1844-1914), large sections of the Pentateuch (or *Torah)*—Genesis, Exodus, Leviticus, Numbers and Deuteronomy—are attributable to the work of a writer (or group of writers) labeled the "Yahwist" (J). Certain other sections are attributable to an individual, or group, labeled the "Elohist" (E). The validity of these attributions, along with many other features of the documentary hypothesis, is now seriously questioned by a number of modern biblical scholars (Rendtorff, 1985, pp. 157-163; Soggin, 1989, pp. 97-109). Nevertheless it is striking that a comparison of the passages which the hypothesis assigns to one or other of the two traditions of writing reveals a marked and persistent contrast in the degree of attention paid to economic phenomena, and in the weight given to economic variables in explaining the course of events. The Yahwist displays considerable interest in the economic dimensions of human existence in general, and of the history of the People of God in particular. For the Elohist, however, these dimensions are of little or no account.

In his version of primeval history (Gn 2-11), the Yahwist explores the advent of scarcity, the nature of work, the role of innovation, and the consequences of the introduction of the division of labor. These explorations are found in the stories concerning the Fall of Man (see especially Gn 3:17-19); the actions of Adam and Eve in the Garden (Gn 2:5,15); the naming of the beasts (Gn 2:19-20); Noah's planting the vine (Gn 9:20-27); Cain and Abel (Gn 4:2-12); the occupations of the descendants of Cain (Gn 4:17-22); and the Tower of Babel project (see especially Gn 11:6–7). When he turns to the fortunes of Abraham and his descendants, the Yahwist is very interested in the circumstances which lead to affluence. Abraham becomes "very rich" (Gn 13:2; 24:35). Later, he attributes Jacob's wealth to outstanding managerial ability (Gn 30:32–43), and he enters into detail on the macroeconomic policy-making of Joseph in Egypt (Gn 41:33–36, 53–57; 47:13–26).

There are few such features of economic interest in the Elohistic strand of the Pentateuch. The most notable are in "The Code of the Covenant" (Ex 20:22–23:33). In the Code there are *mishpatim* (ordinances) and *debarim* (words) relating to compensation for damages, dealings with human capital (slaves), loans, and the use of arable land. These facets of the Code imply the prior existence of a process of reflection on the functional relationships of economic variables. However, the Elohist's presentation is purely prescriptive, and it eschews analysis.

The contrast between these two strands is illustrated most vividly by a comparison of those passages in which the two are dealing with the same set of events. As remarked above, in the case of Jacob, the Yahwist enters into an analysis of how Jacob becomes rich in exile with his mother's relatives through his extraordinary capacity as a herdsman and breeder (Gn 30:32–43). Yet the Elohist chooses to abstract from this level of causal explanation. Jacob profits by his use of Laban's flocks because of a dream. It was "the angel of God" who inspired the breeding technique (Gn 31:4–16). As Jacob tells Rachel and Leah: "The God of my father has been with me.... God has taken your father's livestock and given it to me." The Elohist is also at some pains to make out that this transfer of capital is the morally correct result. By contrast, the Yahwist leaves the moral issue quite open.

Even more to the point on the divergence of the two strands are the respective approaches to the remarkable administrative career of Joseph in Egypt. This particular contrast is especially notable in that the Yahwist's perspective gives rise to a piece of sustained economic analysis which is a rarity in the surviving literature of antiquity. The Elohist's perspective engenders no such response.

Once again with the Elohist, the explanation of what occurs is based on communications from God in dreams (Gn 40; 41:1–32). As far as policy options are concerned, Joseph informs Pharaoh: "I do not count. It is God who will give Pharaoh a favorable answer" (Gn 41:16). This is a far cry from the treatment which directs attention to the logic of the series of policy steps which the wise "consultant-administrator" Joseph initiates.

Joseph's first step is to take advantage of years of plenty by taxing corn-growers in kind, and storing the corn in government granaries (Gn 41:33–36). Next, when a series of unfavorable seasons succeeds those of bounty, Joseph begins to sell off the government stocks to the needy populace (Gn 41:53–57). Then as the famine continues the government comes to acquire, in sequence, the entire money supply, all the livestock, and, eventually, all the land (Gn 47:13–22). Thanks to Joseph's acumen in political economy, Pharaoh's command of assets is well nigh absolute, and the rural populace is reduced to serfdom. Finally, to ensure that Pharaoh will be able to reign over a well-populated kingdom and have adequate future income, Joseph provides the serfs with seed for grain-growing on the condition that one-fifth of the output of each future harvest is given to the state (Gn 47: 23–25).

Why do the Yahwist and the Elohist treat these same stories in so different a fashion? At the root it is due to very different conceptions of the relation of God the Creator to His creation. The contrast has been observed by Gladstone Bratton (1961, p. 88) who points out that the Yahwist has an anthropomorphic conception of God. Yahweh walks in the garden in the cool of the day. He puts Adam in a garden where a serpent speaks.... He eats with Abraham, wrestles with Jacob, and almost kills Moses. Whereas later writers resort to the supernatural to explain the action of deity, the Yahwistic writer sees God doing everything in a perfectly natural way.

> [On the other hand, in the case of the Elohist,] God is further removed from man and reveals himself to man in dreams and visions or through the ministration of angels. Since God lives in heaven, he needs a medium through whom he can speak to man....

> This spiritualized conception of God brought with it the supernatural element, so the Elohistic document speaks of miracles and signs and mighty works (Bratton, 1961, p. 89).

The Yahwist stresses God's immanence. This is conducive to naturalistic explanations and attention to the mundane, including the economic aspects of events. The Elohist stresses God's transcendence. This leads him to emphasize the supernatural dimensions of the matter at hand. Economic phenomena are of little consequence, and causal analysis in economic terms has virtually no role to play in the recounting of sacred history.

It can also be remarked that the same type of dichotomy is evident when one compares the contents of the so-called "Old Wisdom" sayings in the *Book of Proverbs* with those of "New Wisdom." The older sayings are often of great antiquity (before the ninth century B.C.), whereas some of the newer ones, such as *Proverbs* 1–9, might even be as late as the third century B.C. It is the older proverbs which comment most directly on economic activity, and some of them are of analytical interest.

The older proverbs include observations on the relation of wealth and effort (10:4; 24:30–34); business partnerships (11:15; 20:16; 22:26–27; 27:13); the use of wealth (11:24–25; 23:6–7); investment strategy (13:11; 21:15); optimization of factor inputs (14:4); consumer surplus (20:14); borrowing (22:7); diminishing utility (25:16; 27:7); and the insatiability of wants in general (27:20). In the newer proverbs, however, attention to such matters is almost entirely absent (Ohrenstein and Gordon, 1992, pp. 14–20).

This contrast is due to the fact that the older Wisdom theology is anthropocentric (Scott, 1971, p. 116). Wisdom is treated as something which is given by God to every human by virtue of his or her nature as a being. Through wisdom, God the Creator informs the practical and the mundane. On the other hand, with New Wisdom the emphasis is on wisdom's enabling mankind to transcend the mundane and empirical. As von Rad (1972, p. 317) explains, "[L]ater wisdom saw itself faced with the task, without sacrificing to the secularity of creation the knowledge that had been acquired, of bringing the world and man back once again into the centre of God's sphere of activity."

As with the Elohist, the newer wisdom focuses on transcendence, whereas the older wisdom, like the Yahwist, focuses on immanence. In the former, man is moving into God's sphere. In the latter, God is moving into man's. Hence, it is in the old rather than the new wisdom of *Proverbs* that a concern with economic issues finds a congruent place in this particular facet of sacred literature.

2. The Nature of Work

In ancient Greek thought there is a general disdain for work, especially manual work. The roots of this attitude extend well back in time, as illustrated by the poem "Works and Days." Composed by Hesiod in Boeotia in the middle of the eighth century B.C., the poem endeavors to explain why the human race is subject to the harsh and painful necessity of working.

Hesiod finds a basic contradiction in the human condition. On the one hand, there is a universal desire for a god-like life of leisure. Humans crave "ease and peace" such as pertained in the Golden Age when men "lived like gods without sorrow of heart, remote and free from toil and grief; miserable age rested not on them; but with legs and arms never failing they made merry with feasting beyond the reach of all evils" (Hesiod, 1954, p. 11).

On the other hand, the universal reality is that "men never rest from labour and sorrow by day and from perishing by night" (Hesiod, 1954, p. 15). Men spend their existence trying to meet their debts and avoid hunger by unremitting toil. The reason for the contradiction is that "the gods keep hidden from men the means of life" (Hesiod, 1954, p. 5).

In Hesiod's view, "Work appeared in history simultaneously with the world's decline; the necessity of labour...is a species of futility which became a burden upon mankind, in proportion as the world entered upon its period of decadence and was slowly plunged into an abyss of wretchedness" (Borne and Henry, 1938, pp. 34–35). Work, in and of itself, has no redeeming feature. There is no way that the act of involvement in work has any rationale except consumption of the outcomes which that involvement may produce. Hesiod's outlook, it can be remarked, is standard in our contemporary economics textbook treatments of labor supply. As for Hesiod, it is a stark choice between ability to consume and the desire for leisure.

This perception of the nature of work is in marked contrast with that found in the Hebrew tradition. The latter rejects "any notion that work in itself is degrading and beneath the dignity of God or man; this notion was common amongst the Greeks, but plays no part in biblical thought and life" (Richardson, 1958, p. 15). The fundamental reason for the contrast is that the Hebrew God is very different from Hesiod's gods. The difference is made quite apparent in the opening chapters of the *Book of Genesis.*

For the Yahwist, God is a worker. Furthermore, Man is made in the image of the God who works. Before there is any disruption in the God-Man relationship, humans are settled in the Garden, "to cultivate and take care of it" (Gn 2:15). This work requires the making of choices, and hence it implies the existence of opportunity costs (e.g., Gn 2:19–20). However, it is not painful. Rather, it is pleasurable, especially in that it is partly through work that a human satisfies his or her God-given role in the order of Creation.

After the Fall, work acquires painful aspects (Gn 3:17–19). Yet there is no suggestion that it ceases to offer fulfillment as well. Rather, it is now an admixture from which both pleasure and pain are derived. In a Fallen world, "[W]ork is compounded of a mixture of necessity and of liberty, of servitude and creation" (Borne and Henry, 1938, p. 92).

Emphasis on the positive psychic aspects of work is a feature of some of the later biblical literature. This theme comes through very strongly in *Qoheleth* (Ecclesiastes), which was written between 270 and 220 B.C. Its author is highly critical of a number of earlier Hebrew ideas about the sources of temporal satisfaction. For example, he dismisses as vacuous the goals of accumulating wealth (Qo 2:4–11; 4:8; 5:9–11), attainment of serial longevity (Qo 12:1–8), or the fathering of a numerous and thriving progeny (Qo 2:18–23; 4:14–16; 6:1–3). God, he concludes, has determined that eating, drinking, and working are to be the activities from which satisfaction is derived. He writes: "I see there is no happiness for man but to be happy in his work, for this is the lot assigned him" (Qo 3:22).

Whilst Qoheleth's understanding of the God-Man relation leads him to find utility in the act of working, it must be emphasized that this utility is transient. The benefits of being engaged in work are purely ephemeral, and there are no deeper or durable rewards involved, such as are intimated in the Yahwistic analysis. Qoheleth refuses to go beyond the temporal, and the reason for this is his inability to find any convincing pattern of salvation-history. As Martin Hengel (1974, p. 116) observes, Qoheleth proclaims "the absolute inexplicability of the divine action in nature and history." Qoheleth is forced to conclude: "I contemplate the task that God gives mankind to labour at. All that he does is apt for its time; but though he has permitted man to consider time in its wholeness, man cannot comprehend the work of God from beginning to the end" (Qo 3: 10–11; see also 8:16–17).

About 200 years after Qoheleth, the author of *The Wisdom of Solomon* offers a much broader treatment of the role of work in the life of the individual. This book was written by a Jew in Alexandria *circa* 50 B.C., and although it did not find its way into the Hebrew canon it is included in some of the Christian canons. The broader treatment of work is due in part to something of a return to the perspectives of *Genesis*. It also owes much to the writer's identification with "the segment of Judaism that was trying to universalize the teaching of Scripture" (Reese, 1970, p. 160). In addition, it is the first attempt in Jewish literature to write a philosophy of history (Clarke, 1973, p. 66). The author does not share Qoheleth's skepticism concerning the possibility of knowledge of salvation-history.

According to *Wisdom,* the end willed by God for all mankind is eternal happiness with Him. Since God made man "in the image of his own nature," it follows that man is "imperishable" (Ws 2:23). Whether a person attains that end depends upon the manner in which one carries out the task for which one was created. That task is the management of the world on behalf of its Creator. It is in this context that the role of work is to be understood.

God is depicted as the administrator (Ws 12:15) and/or the manager (Ws 12:18; 15:1) of the enterprise of Creation. Man is an assistant manager who has been invested with some of the authority of the founder and director. Humans are obliged to rule, govern, and wield authority with respect to the created order, and the key to success in their work is receipt of the gift of Wisdom. The author prays: "God of our ancestors, Lord of mercy, who by your word have made all things, and in your wisdom have fitted man to rule the creatures that have come from you, to govern the world in holiness and justice and in honesty of soul to wield authority, grant me Wisdom, consort of your throne and do not reject me from the number of your children" (Ws 9:1–4; *cf.* Gn 1: 26–28; Ps 8:7–9).

This wisdom, it should be noted, includes command of a wide range of scientific knowledge and technical expertise in a variety of fields. Some of the items in the author's list are psychology, zoology, pharmacy, and climatology (Ws 7:15–22). Here, as in other parts of the book, the writer's close contact with Hellenistic culture is evident, although he does not subscribe to its idea of work.

It could be objected that this understanding of the human condition abstracts from the Fall. However, it is contended that Adam maintained his managerial status despite his lapse, and hence his descendants inherit the role. Retention of status is attributed to the intervention of Wisdom: "The father of the world, the first being fashioned, created alone, had her [Wisdom] for his protector and she delivered him from his fault [Original Sin]; she gave him the strength to subjugate all things" (Ws 10:1–2).

It might be objected also that this treatment of human work abstracts from the real cost of the Fallen condition. The author deals with the cost aspect, however, by reference to one of the long-standing lines of Judaic thought on human suffering. Mankind, it is argued, needs education, and the educative process requires the imposition of painful discipline at times (e.g., Ws 11:9–10). In *Wisdom,* "the suffering of the righteous is cathartic and not punitive" (Clarke, 1973, p. 31).

With this book, Man's role in creation, and hence the nature and significance of work, is understood in terms of the designs of the

Creator, and the intervention of "the consort of his throne," Wisdom. Slightly later, with the advent of Christianity, a third factor is introduced, namely, the intervention of the Son. This development leads to further reassessments of work.

In the gospels of the New Testament, Jesus works as a teacher and healer, sometimes to the point of exhaustion. When criticized for his zeal in these respects, Jesus invokes the concept of God the worker. "My Father goes on working, and so do I" (Jn 5:17). Work, however, is not an all-consuming preoccupation, and Jesus is frequently portrayed as enjoying table-fellowship.

The teaching of Jesus on work recalls an aspect of its nature before the Fall presented by the Yahwist. In the Garden, the consumption needs of humankind are met by Yahweh's provision (Gn 2:9,16). Man works, but the availability of the means of subsistence is not directly contingent on that work. Jesus declares, in the Sermon on the Mount, that this arrangement has not been altered by God. People should concentrate on seeking the Father's kingdom (which, by his own example, does not mean forsaking work), and this search will yield the means of subsistence as by-products by virtue of the beneficence of the Father (Mt 6:31–34; see also, Lk 12:29–31). The only new—that is, post-Fall—element in the consumption-work relationship is mankind's anxiety about material possessions.

Further dimensions of Jesus' treatment of work emerge in certain of the Parables, but given the multilayered levels of meaning in those stories there is a need for caution in taking what is said about work at face value. One of the relevant parables is that of the Vineyard Laborers (Mt 20:1-16). It has puzzled some commentators that here the last workers hired in the day receive the same pay as those who worked much longer hours. Yet it might be contended that in this instance Jesus is affirming the scriptural view that work, in itself, bestows positive benefits on those engaged. To be forced to be idle when one is willing to work involves the unemployed in the inability to fulfill the function which by their very nature they wish to perform. This loss deserves compensation. There is no doubt that the workers concerned are willing. They have continued to "stand in the market place," a feature of this story which seems to be of considerable significance at a variety of the levels of this parable's meanings. In respect to its economic meaning, it is relevant to note that the *Talmud* proposes that contracted workers who come to work but find that their employer does not use their services are liable to compensation for the psychological damage their idleness imposes (Ohrenstein and Gordon, 1992, pp. 60-61). The Judaic tradition of the positive value of work in itself is a long one.

Other parables which deal with work are those of the Talents (Mt 25:14-30; *cf.* Lk 19:11-27), Faithful Stewardship (Lk 16:10–13), and the Unprofitable Servant (Lk 17:7–10). These might be taken to enjoin enterprise, risk-taking, and entrepreneurship. Work, as an exercise in the service of God, involves the use of imagination and the willingness to innovate. If such a reading is justified, then Jesus can be said to have promoted a concept of work conducive to economic growth and development. However, the foregoing statement concerning caution with the parables is highly relevant here, despite such a conception of work appearing most compatible with Jesus' stress on "seeking" (rather than "finding") the Kingdom. Seeking suggests a dynamic process, and the willingness of those involved to live with experiment and change.

The theme of work as service of God is taken up and developed in the letters of Paul the Apostle. Here, the status of Jesus as Son of God is pivotal. St. Paul's approach is decidedly novel, although it lacks the dynamism which might be ascribed to Jesus' teachings and which is patent in the *Wisdom of Solomon.* The novelty resides in the insertion of the fact of Jesus into reflection on the meaning of work.

In Paul's view, all Christians—whether slaves, free men, or masters—are servants in a household which is in this world but not of it. The head of the household is God the Father. The steward is the Son, Jesus. When Paul writes to the Ephesians, for example, Jesus is depicted as, "a son entrusted with the stewardship over all possessions and the administration of all plans and decisions of the master" (Barth, 1974, p. 128). Furthermore, Paul's readers are to regard themselves as part of "God's household," and "are being built into a house where God lives in the Spirit" (Ep 2:19, 22). The meaning of work done by his readers derives from its being done for the Steward

(Jesus). That work has significance in that it is done "for the sake of the Lord and not for the sake of men" (Ep 6:7).

Other epistles may embody the teaching that ordinary everyday work can have a meaning that was previously reserved for evangelical activity. Karl Schelkle (1973, pp. 294–295) for example, writes:

> Under a single term he [Paul] includes both manual labor and Apostolic ministry (1 Th 2:9; Rm 16:12; 1 Co 15:58; 2 Co 10:15). The linguistic usage that can use the term *labor* for manual toil and for ministry, probably invented by Paul, is continued in the Acts of the Apostles (20:35), as also in the Pastoral Epistles (1 Tm 4:10; 5: 17).... In the saying "Whatever you do, in word or work, do all in the name of the Lord Jesus" (Col 3:17), the term *work* is used in a comprehensive sense. It includes in a special way, the work of labor.

Such is Paul's emphasis on the role of work in a Christian's relationship to God, that some theologians understand him to be promoting the idea that work is a type of worship (e.g., Lohse, 1971, p. 153; Kasemann, 1980, p. 329). Others have reservations on this score (e.g., Cullmann, 1956, p. 201; Borakamm, 1969, p. 23). Whatever the outcome of this latter debate, it is clear that Paul is firmly in the Hebrew tradition which refuses to treat work simply as a sacrifice of leisure that finds its reward in the ability to be a more effective participant on the demand side of markets.

3. The Economy to Come

After the fall of Jerusalem in 597 B.C., the Babylonians seem to have taken into exile many, if not most, of the prominent Jewish political figures, managers, and skilled tradesmen (2 K 24:14–16; see also Jr 24:1). The Judaean economy was probably in tatters (e.g., Lm 5:9). Whether or not the biblical account exaggerates the degree of economic dislocation at this time, it is apparent that the situation demanded a program for recovery if Israel was to regain a place among the nations.

The details of such a program are of deep concern for a number of the exilic and post-exilic writers. However, there are marked differences of outlook on the strategies for recovery and on the type of economy which should be promoted as befitting a restored Israel. These differences turn on conflicting conceptions of the scope and composition of the People of God. Even more fundamentally they turn on alternate understandings of God's relation to humanity, chosen and unchosen. The contrasts are most evident when the writings of the second and the third Isaiah are compared with the contents of *Ezra-Nehemiah,* and the chapters added to the end of *Ezekiel.*

In the process of reflection on the issue of national recovery, one line of thought gives rise to the emergence of the vision of a new type of very open economy. This vision is based on a new conception of the People of God. The way to prosperity is seen to be bound up with a radical revision of the old concept of the chosen people. Thought in this vein reaches its high point with the third Isaiah, near the end of the sixth, or sometime during the fifth century B.C. However, there are certain intimations in some of the earlier literature.

One of the earlier prophets, Jeremiah, promises his countrymen that God will eventually restore the fortunes of Judah (Jr 33:9), but insofar as the particulars of the thriving and powerful economy to come are concerned, Jeremiah suggests little or no qualitative change as compared with the pre-exilic model (Jr 31:12; 32:44; 33:13). With respect to the pre-conditions for restoration, he is much less conservative. In particular, revival will depend on Israel's making a covenant with God which is quite different in character from the old one (Jr 31:32–34). Also, he looks forward to the cosmopolitanism of some of the later prophets by advising the exiles to integrate with the Babylonian economy and, even, to pray for the good of that nation (Jr 29).

Ezekiel, one of those deported to Babylon, also forecasts recovery. He offers more detail than Jeremiah on the shape of the restored economy, although its features are still traditional (Ezk 28: 25–26; 34: 23–31; 36:30). Like Jeremiah, he predicts that a renewal will depend on a new form of relationship between God and Israel (Ezk 36:26–27).

A little later in the sixth century B.C., the second Isaiah goes a good deal beyond these precursors with respect both to the new economy and the circumstances which will engender it. He looks forward to the elevation of Jerusalem as a city of global importance. As befits this status, the fabric of the city will be magnificent and its inhabitants extremely prosperous (Is 54:11–14). In addition, in the surrounding regions, agricultural productivity will attain unprecedented heights (Is 30:23–24; 32:15; 44:26).

Underlying the economic well-being is the transformation of Israel to an open society with extensive international intercourse. This internationalism will be made possible by a wholesale conversion of the Gentiles to acceptance of the God of Israel as the one true God. Isaiah envisages an influx of foreigners who will attach themselves to the House of Jacob (Is 14:1). Egypt and Assyria will come to acknowledge the God of Israel, and on that day, "Israel, making the third with Egypt and Assyria, will be blessed in the centre of the world" (Is 19:16–25).

The process of conversion will extend even further to people unknown (Is. 54: 4–5). In addition, there is to be a vast in-gathering of Israelites out of the lands to which they have been scattered (Is 43: 5*ff.*; see also 49:12; 51:11; 53:12).

The theme of internationalization is carried a step further in the Servant Songs (Is 42:1–9; 49:1–6; 50:4–9; 52:13–53:12). The focus is on the God-Man relation, rather than the relation between the Creator and any particular set of nations. Yahweh's intention is that his "salvation may reach to the ends of the earth" (Is 49:6). He desires that all the nations should have "light" (Is 42:6). This step opens the way for the vision of the third Isaiah.

This Isaiah is even more emphatic than earlier authors that Israel's coming prosperity will be associated with its abandoning the notion that God's care and attention are focused exclusively on the Land and its inhabitants. God declares: "With heaven my throne and earth my footstool, what house could you build me, what place could you make for my rest?" (Is 66:1–2). The Fatherhood of Yahweh, it is stressed, embraces all humankind (Is 63:15–16; 64:7–8). Isaiah's new Israel is a cosmopolitan community of great size in which foreigners from distant parts can become priests and Levites (Is 66:18–21). Not only foreigners but also eunuchs are now to be included in that community (Is 56:3–8).

In accord with this much extended perception of the people of God, the prophet envisages the coming of an economy in which relations with other economies play a major role. The material standard of living will be extremely high, and Isaiah is very enthusiastic about this impending affluence. His Jerusalem is a city adorned with the results of the highest levels of economic development conceivable at the time.

The key to the affluence is an influx of precious metals, physical resources, and final products from abroad. The influx is detailed in a lengthy passage (Is 60:1–22). Midian and Ephah supply camels and dromedaries, Sheba gold and incense, and Kedar sheep. Ships of Tarshish bring people, silver, and gold. Foreigners rebuild the walls of Jerusalem, and there is an abundance of woods—cedar, cypress, plane, and box—from Lebanon. In summary, "the riches of the sea will flow to you, the wealth of the nations come to you" (Is 60:5).

Why will the wealth pour in? It is because of the priestly role which the people of God who dwell in the Land exercise in relation to their fellows in other nations which have turned to Yahweh. Just as, by tradition, the priests of Israel were provided with material support in return for the conduct of their offices, so now the Jewish nation will be supported in its ministrations on behalf of other nations. Isaiah writes: "Strangers will be there to feed your flocks, foreigners as your ploughmen and vinedressers; but you will be named 'priests of Yahweh'; they will call you 'ministers of God.' You will feed on the wealth of nations and array yourselves in their magnificence" (Is 61:5–6). In this way, the economic fortunes of the Jewish nation turn on its acting in the light of the intentions of God with respect to the human race in general.

The thought of the second and third Isaiah is in marked contrast with certain other elements of post-exilic Judaism. These latter adopted an inward-looking conception of the people of God, and promoted the view that the restoration of Israel depended on factors such as the reconstruction of the Temple, stricter observance of the particulars of Deuteronomic law, avoidance of marriage with foreigners, and meticulous cultic observance. As a result, their vision of the economy-to-come ran in terms of a prosperous national economic self-sufficiency and a return of traditional economic patterns.

Such tendencies are very evident in the books of *Ezra* and *Nehemiah* which were probably written by "the Chronicler" in the second half of the fourth, or early part of the third, century B.C. For the Chronicler, Temple, Law, and cultic observance are overwhelming preoccupations. In addition, there is the concern that "purity of religion can only follow from purity of race" (Ackroyd, 1973, p. 253). Some of these emphases are well illustrated by the episode in which Nehemiah curses, punches, and tears out the hair of Jews who had married women from Ashdod, Ammon, and Moab. At the end, Nehemiah reflects with satisfaction: "And so I purged them of everything foreign; I drew up regulations for the priests and Levites defining each man's duties and regulations for the deliveries of wood at stated times, and for the first-fruits. Remember me, my God, for my happiness" (Ne 13:23–31).

The contemporary leaders of the little community of Jerusalem and its immediate environs appear to have been anxious to contain their regional economy within very strict bounds. This anxiety is exemplified by the action taken against the Tyrian merchants (Ne 13: 5–21) and by repeated returns to warnings about the danger of foreign contacts (Ezr 9:1–10:44; Ne 9:2; 13:3, 23–31). Far from promoting the emergence of a strong economy, this outlook almost certainly contributed to a drain of entrepreneurial talent and held the living standard of the majority of the population at or near subsistence level (Torrey, 1970, p. 293; Meyers, 1965, p. xxiii; Ackroyd, 1973, p. 281).

The Chronicler's viewpoint is similar in many respects to that of the writer who added several anomalous chapters to the end of the *Book of Ezekiel.* These chapters "change the prophet boldly moving forward to a new future, into a petty-minded man who takes refuge in the old-fashioned forms of the priestly ideal of holiness, who becomes false to his own vocation" (Eichrodt, 1970, p. 564). Among the features of these additions is a planning blueprint for a restored Israel (Ezk 45). In this, the focus is strictly on the Land. Further, the plan implies a highly inflexible economy, as is illustrated by the proposal to fix each of the tribes of Israel on a designated strip of territory running on an East-West axis. The narrow focus and the limited appreciation of economic possibilities are associated with an outlook in which "the land and the people in the time of salvation have their centre and the justification of their existence in the presence of the temple and the worship there. It is thus from this all-dominating perspective that the restored Israel is to be seen" (Eichrodt, 1970, p. 530).

4. The Viability of Communism and Communalism

According to the *Acts of the Apostles,* the early Christian community in Jerusalem owned everything in common, and goods were distributed in terms of need rather than ability to purchase (Ac 2:44–45; 4:32–35). From the Pauline epistles we learn that the experiment soon ran into difficulties, and "the saints" in Jerusalem became dependent on contributions from abroad. There is no evidence that any of the other urban Christian communities of the day adopted the Jerusalem pattern. Certainly, St. Paul does not counsel his communities to take this course.

Why did the Jerusalem Christians organize themselves in this unusual fashion, and why did they come to rely on donations from foreigners? These are open questions (Gordon, 1989, pp. 77–81). Nevertheless, the lack of any clear answer has not prevented many subsequent Christian thinkers from advocating communalism as a practical goal for the organization of a Christian society. Among these thinkers is the Greek Father, St. John Chrysostom (344–407). Others have not found in favor of communalism for society in general and have argued for the necessity of retaining a system of private ownership. They include St. Augustine of Hippo (354–430). In this section we outline the contrasting positions of the two fathers and consider the theological basis for their difference on this matter.

Chrysostom advocated voluntary communism as the way forward to a more equitable and economically secure society. A variety of considerations commend this course. It appears to be in accord with the *Book of Genesis* which depicts God bestowing resources in common to humankind. "The world," says Chrysostom, "is meant to be like a household wherein all the servants receive equal allowances for all men are equal, since they are brothers" (Chrysostom, *On II Cor.,* XII, *cit.* Hubbard, 1923). Again, the course is commended by the example of the primitive church in Jerusalem. Ignoring the evidence of the Pauline epistles, he asserts that the Jerusalem experiment was successful in economic terms. Chrysostom claims that "by selling their possessions they did not come to be in need" (Chrysostom, *In Acta,* 11, 3, *cit.* Hubbard, 1923). Other considerations are that the adoption of communism will reduce the cost of living per person, and will eliminate the threat which possession of private property poses for personal salvation. Moreover, the temporal welfare of society as a whole will be enhanced through a reduction in the degree of internal conflict. Chrysostom states that "people do not quarrel about what is common to all" (Chrysostom, *On II Cor.*, XII, *cit.* Hubbard, 1923).

As empirical evidence for the efficacy of communism Chrysostom points to the benefits which the monastic way of life offers. These benefits are not merely spiritual, they are also economic. He observes that "the dwellers in the monasteries live just as the faithful did then [i.e., in Jerusalem]: now did any of these die in hunger? Was ever any of them not provided for with plenty of everything?" (Chrysostom, *In Acta,* 11, 3, *cit.* Hubbard, 1923). In short, Chrysostom urges a reform of society by way of adoption of communal ownership along the lines of the monastic model of economic organization.

Like Chrysostom, Augustine of Hippo is firmly attached to a monastic ideal. With Augustine, "the monastery becomes a symbolic abolition of the antagonism between different classes of men, and an anticipation of the eternal Sabbath when all injustice will disappear, and all human lordship is annihilated and God is all in all" (Corcoran, 1985, p. 51). Furthermore, he acknowledges monasticism as a prolongation of the Jerusalem situation, and he attempts a solution of the question of why the behavior of the Jerusalem Christians was, or appeared to be, unusual in its day (Verheijen, 1979, pp. 19–24). Nevertheless, the monastic pattern, in Augustine's view, is appropriate only as an arrangement for the society of the select few who aim at perfection. Economic organization on the basis of communal ownership is not practicable for the wider society. Communism will not work, because in the wider society there will always be a significant number of persons who are attached to "the earthly city": persons who live, first and foremost, in accordance with their own selfish interests and desires. The presence of such people ensures that an attempt at any broadly based system of common ownership will break down quickly, and result in social chaos.

Augustine argues that given the unacceptability of communism, God sanctions private ownership because of his providential care for humanity. The link between private property and providence is the authority of rulers. The reasoning is as follows. In the first place, private ownership is sanctioned by the authority of rulers. Augustine states: "It is, however, by human right that someone says, this estate is mine, this house is mine. Human right, therefore, means the right of the emperors. Why so? Because God has distributed these very rights to mankind through the emperors and kings of this world.... It is by rights derived from kings that possessions are enjoyed" (Augustine, *In Johan ev.*, tr. 6, 1, 25–26, *cit.* MacQueen, 1972, p. 205).

Secondly, the authority of rulers is given them by the providence of God. Augustine, it should be noted, is insistent on this point. The rights and powers of kings are not to be questioned, because of their providential origin. Hence, "the Christian as resident and citizen of the earthly city is obliged to respect civil authority, even the tyrant and the persecutor since power, and dominion are not given to such men as Nero for example, 'save by the providence of the most high God' (*Civ. Dei* V, 19)" (Lavere, 1983, pp. 7–8). With the authority of rulers providential, and the right to private property deriving from rulers, it follows that private ownership is a matter of God's providence to protect humanity from an even worse social order than the one it experiences at present.

When one examines Augustine's rigorous logic and compares it with Chrysostom's free-flowing sermonizing, certain basic intellectual and theological divisions are exposed. Immediately it is apparent that whereas Chrysostom can contemplate a "Christian society," this is a figment in the reckoning of Augustine. For Augustine, there must be conflict in society which is a necessary consequence of the conflict which rages within each individual. Any temporal confluence of persons in a given political order is necessarily a battleground between the members of the earthly city and those who are predestined for the heavenly city to be manifest at the end of time. The conflict between the two cities rules out a social order based on the willingness to pool the resources which God has bestowed on His Creation.

The divergence of the social perceptions of the two Fathers goes deeper, however, and turns on their different understandings of the status of humankind after the Fall as compared with its original innocence. For Chrysostom, the change in status is not absolutely radical. As Gerhart Ladner (1954, p. 867) comments:

> The reform doctrine of the Greek Fathers had envisaged the possibility of man's return to a condition of integrity and innocence corresponding to that of Adam in Paradise before his fall and characterized by the full recovery of the original similarity with God. The doctrine was rooted deeply in that of the Incarnation of Christ which to Greek Christians was the most important dogma of all.

Hence, in Chrysostom's understanding, there is no necessary reason why the communal ownership which pertained before the Fall cannot pertain after, as is illustrated by the exemplary Christians of Jerusalem and contemporary monastic practice.

For Augustine, however, there is a yawning gulf between the originally innocent and the Fallen Adam. Augustine's doctrine of Original Sin (which became dogma in the West, despite the eventual rejection of his doctrine of Predestination) is his expression of just how wide that gulf remains even in the face of the Incarnation of Christ. The gulf is not due to any fall of Nature with the sin of Adam. Rather, it is a function of a radical diminution in mankind's intellectual capacity. In Paradise Adam was endowed with all the wisdom necessary to ensure fulfillment of the Creator's will, including the intention that human society be characterized by common ownership of resources. After the Fall, that wisdom is almost extinguished. D. J. MacQueen (1973, pp. 262–263) writes:

> In relation to the intellectual life of the first man and his wife, the major consequence of pride that St. Augustine distinguishes is "ignorance" *(ignorantia)*. With this he also habitually associates a

> certain liability to error *(error)* as well as difficulty in acquiring truth.... In Adam's progeny there accordingly remains a mere spark *(scintilla)* of the reason that had once been the highest principle and activity of human nature. Mankind is now engulfed as it were, in a veritable abyss of ignorance and intellectual darkness from which every error flows.

Augustine's assessment of the aftermath of the Fall, it can be remarked, is in extraordinary tension with that of the author of the *Wisdom of Solomon* (see above). Those who would include the latter in the canon of inspired writing may be hard pressed to reconcile Augustine's position with that of the Bible. Chrysostom's position seems much more compatible with *Wisdom*—though not, of course, with the writings of St. Paul.

In conclusion, it should be added that Augustine was the one to prevail on the subject of the ownership of resources, so far as Western Christendom is concerned. The principal argument of the medieval Schoolmen in favor of private ownership was "the argument from peace" (Langholm, 1992, pp. 152–153; 172–173; 211–213). Because of Original Sin, society would fall apart if all things were held in common. Private ownership serves the common good because it wards off dissension and disruption of social exchanges. Under a regime of common possession, there will be continual strife about the shares to be taken from the common pool. Individuals will tend to claim more than their just shares in the use of common possessions. For the Schoolmen, as for St. Augustine, the probability of a peaceful and orderly society will be enhanced if the right of private ownership is recognized.

5. Review

The four "case studies" in this chapter identify instances in which different positions on theological issues help account for different perspectives on aspects of economic life and its organization. Those issues include God's immanence and transcendence, the work of God, the Fatherhood of the Creator, and the Divinity of Jesus. Another set of issues relates to the consequences of the Sin of Adam. Changing concepts of the People of God and of the pattern of salvation-history are also relevant. It is difficult to offer a coherent analysis of the differing economic ideas of many of the ancient writers without recourse to such matters.

3 Whately, Senior, and the Methodology of Classical Economics

A. M. C. Waterman

> The English writers....or followers of Dr Smith...define their science as that of the laws which regulate the production and distribution of wealth.... The foreign school....holds that it is the office of the political economist to point out in what way social happiness may best be attained through the medium of national wealth.... We contend that the study is purely a science: our opponents, that it includes the practical adaptations of the science to existing circumstances. In other words, that it is at once a science and an art. According to them it is a *deontology:* according to us, an *ontology* only (*Edinburgh Review,* October 1837, p. 77).

The *Edinburgh's* notice of Nassau Senior's *Outline of the Science of Political Economy* (1836) pinpoints a distinction between "ought" (deontology) and "is" (ontology) which characterizes the method employed by the "followers of Dr Smith" down to the present. Long before Adam Smith indeed, Petty had sought to separate science, viewed as a means to an end, from moral problems which arise in the selection of ends (Ekelund and Hébert, 1990, pp. 74-75). And Richard Cantillon—"foreign" though he was—had made "a conscious separation of pure theory from normative policy declarations and value judgments" (Hollander, 1987, p. 38). By the end of the nineteenth century, J. N. Keynes was in a position to isolate "a *positive science*...as a body of systematized knowledge concerning what is" from either "a *normative..science* as a body of systematized knowledge relating to criteria of what out to be," or "an *art* as a system of rules for the attainment of a given end" (Keynes, 1930, pp. 34-35). The most complete account of Petty's distinction between "means" and "ends" in social science was supplied by Lionel Robbins in the 1930s. Since "Economics...is concerned with that aspect of behaviour which arises from the scarcity of means to achieve given ends" it follows that "Economics is entirely neutral between ends" (Robbins, 1952, p. 24). The argument of his book converges on a corollary of that proposition: "Economics cannot pronounce on the validity of ultimate judgments of value" (p. 147). The entire tradition is summed up for the first-year student in a well known textbook:

> The distinction between positive and normative allows us to keep our views on how we would like the world to work separate from our views on how the world actually does work. We may be interested in both. It can only obscure the truth however, if we let our views on what we would like to be bias our investigation of what actually is. It is for this reason that the separation of the positive from the normative is one of the foundation stones of science and that scientific inquiry, as it is normally understood, is usually confined to positive questions (Lipsey, Purvis, and Steiner, 1988, p. 16).

Subject only to such other criteria as may be necessary in defining "science," economics is regarded by all such writers as a positive science.

Possibly because of verbal confusion, this venerable tradition has lately been smeared by association with the modern doctrine of "positivism" and made to share in the blame so freely bestowed by "postmodernist" writers on the latter (e.g., Katouzian, 1980; McCloskey, 1986). Without wishing to deny a "rhetorical" significance to the separation of "fact" from "value," I shall focus my attention in this chapter on that aspect of it identified by Robbins: the putative inability of economics to throw any light on "ultimate judgments of value." I do so without wishing to recommend any such a view to the skeptical, or to even to associate myself with what is undoubtedly a prevailing orthodoxy among modern economists. My object is intellectual history. Why is the modern orthodoxy what it is? How did it emerge from theological and philosophical debate in the late eighteenth and early nineteenth centuries? And what light does this throw on the relation between economics and theology which is the subject of this book?

The modern view that economics can only tell us about facts (if even that) and not at all about values has its origin, as I have suggested, in the dichotomy between "science" and "art" drawn by classical and pre-classical political economists. But the distinction was first made sharp and explicit by Richard Whately and subsequently canonized by his friend and former pupil, Nassau Senior. Whately was responding to a particular ideological emergency in the third decade of the nineteenth century: an attempt by the "Philosophic Radicals" to hijack political economy for their (avowedly) godless program of "reform." It was essential, as Whately saw it, to rescue political economy from the hands of Bentham and his disciples and restore it to the political and ecclesiastical establishment. But the establishment needed reassurance that political economy was not "hostile to religion." Whately had, therefore, to create a strategy for immunizing religious "knowledge" against encroachment by the scientific "knowledge" afforded by economics, whilst at the same time preserving the authenticity of the latter. He did so by extracting from the vague distinctions of his predecessors a clear-cut, epistemological demarcation of "religious" from "scientific" knowledge. It is therefore a somewhat paradoxical feature of my exposition in this chapter that a methodological principle designed to protect religion from economics and vice versa should have its origin in a particular theological doctrine invoked to meet a particular religious need.

In what follows I shall first outline the circumstances which caused Whately to develop his methodology; secondly, describe that methodology; and thirdly, trace its incorporation into the mainstream of modern economics by way of Senior's influential work.

1. The Ideological Crisis of the 1820s

An ideological alliance of political economy and Christian theology (Waterman, 1983) was first constructed by Malthus (1798) to provide a defense of the British *ancien régime* against the revolutionist polemic of the English Jacobins, in particular, of William Godwin (1793, 1796). Certain deficiencies in Malthus's original argument were gradually corrected over the next 21 years by Paley (1802), John Bird Sumner (1816), Malthus himself (1803, 1817), and Edward Copleston (1819). By 1820 a coherent body of political doctrine existed. Poverty and social inequality are the inevitable outcomes of scarcity. Human life is a state of "discipline and trial" for eternity. The institutions of private property, marriage, and the market economy are necessary and inevitable, suited to the human condition, and consistent with scripture. It is impossible to achieve social progress by legislation, and this is evidence both of design—in God's creation of the self-regulating economy—and of the moral and religious need of Christians to practice charity and compassion (Waterman, 1991). By 1820 political economy had in this way been made wholly acceptable to Lord Liverpool's implacably counter-revolutionary cabinet.

When the Political Economy Club was founded in 1821, the discipline still united all who studied it. But almost from the first a schism began to appear between those later called "radicals" and the rest. During the previous decade Bentham and James Mill had gradually moved away from the whiggism of Holland House and the *Edinburgh,* and under the influence of Francis Place had allied themselves with "radical" causes whilst clearly distinguishing their position from the plebeian radicalism of Cobbett and Hunt. Though Halévy (1952,

p. 266) exaggerates in saying that "all the actions in Ricardo's life, after 1811, were willed by James Mill," it is certainly the case that Ricardo tended to side with the Philosophic Radicals until his death in 1823.

Philosophic Radicalism is the term coined in 1837 by John Stuart Mill to identify the political doctrine developed by his father and Jeremy Bentham from the second decade of the nineteenth century. At its core is the peculiar version of utilitarianism invented by Bentham: Paley's "theological utilitarianism" with God left out. The doctrine is defined by the union of Benthamite utilitarianism with *political economy:* in particular with the extreme version of the deductive, *a priori* approach to political economy typified by Ricardo's *Principles* (1817). Its popular character derived less from these purely intellectual components, however, than from a puritanical hatred of the arts and of literary culture with which James Mill managed to invest it. The attack by Philosophic Radicalism on British political culture in the 1820s was launched in the *Westminster Review* (founded in 1824) and from University College, London (founded in 1825).

It was this third, essentially accidental, feature of Philosophic Radicalism which first attracted the hostility of the literary world. The *Westminster's* attacks on Sir Walter Scott and the Lake Poets provoked a fierce response from the leading Romantic authors, all of whom were already predisposed against political economy from their horror of Malthusian population theory. The "New School of Reform" was attacked for breaking up the old reformist alliance:

> The obvious...effect of the Westminster tactics is to put every volunteer on the same side *hors de combat,* who is not a zealot of the strictest sect of those they call Political Economists...to leave nothing intermediate between the Ultra-Toryism of the courtly scribes and their own Ultra-Radicalism (Hazlitt, 1928, p. 183).

It was also attacked for godlessness, and in a way that associated godlessness with political economy. In the works of Malthus and Ricardo, the *Eclectic Review* supposed, political economy had become "a hideous chain of paradoxes at apparent war with religion and humanity" (*Eclectic,* January 1832, p. 9). Wordsworth (1950, pp. 354–355) perfectly expressed the detestation felt by Christian Romantics for the New School in his famous sonnet on King's College Chapel:

> Tax not the royal Saint with vain expense,
> With ill-matched aims the Architect...
> ...high Heaven rejects the lore
> Of nicely-calculated less or more;
> So deemed the man who fashioned for the sense,
> These lofty pillars...

By the second half of the 1820s, this is to say, the aggressive propaganda of the New School had undone much of the good work performed by Paley, Sumner, and Copleston in winning acceptance of political economy by the ecclesiastical and political establishment.

Oxford was the spiritual home and intellectual center of that establishment; and by the mid-1820s Richard Whately, Warden of St. Alban's Hall, was its most powerful and articulate spokesman. Whately was fully alive to the threat presented by the Philosophic Radicals but, unlike the Tory romantics, was wholly persuaded both of the scientific value and the ideological efficacy of political economy. He therefore saw his task as that of rehabilitating political economy in the eyes of the establishment by wresting it from the grasp of the radicals. For

> ...if the cultivation of this branch of knowledge be left by the advocates of religion, and of social order, in the hands of those who are hostile to both, the result may easily be foreseen (Whately, 1827, p. 171).

There can be no doubt that he was behind the election of Nassau Senior to the newly founded Drummond Chair in 1825, nor that Senior's *Introductory Lecture* (1827) was composed, in part, with Whately's objects in view. A letter of Whately to Senior written in 1826 shows that the latter submitted a draft of his lectures for the approval of his old tutor before he began the series (Whately, 1866, I, pp. 47–48).

Senior's first lecture was delivered in December 1826. It defined political economy as

> ...the science which teaches in what wealth consists,... by what agents it is produced,—and according to what laws it is distributed,—and what are the institutions and customs by which production may be facilitated and distribution regulated, so as to give the largest amount of wealth to each individual (Senior, 1827, p. 7).

The study is thus both practical and theoretical. The former is to discover what institutions are most favorable to wealth and requires "induction from phenomena" and must "take into account the influence of every human passion and appetite" (1827, pp. 8, 10). The latter rests "upon a very few general propositions...which almost every man, as soon as he hears them, admits" and is "capable of all the certainty that can belong to any science, not founded exclusively on definitions" (1827, pp. 7, 11). Though the pursuit of wealth may be regarded as inferior to the pursuit of virtue or knowledge, and though it is not *sufficient* for happiness, yet it is "a great source of moral improvement" and national wealth (suitably distributed) is *necessary* for morals and happiness and even for "all real religion" (1827, pp. 11, 12, 13, 16).

Whately (1828) reviewed Senior's first four lectures for the *Edinburgh* and warmly welcomed both the establishment of the chair at Oxford and the productions of its first occupant.

> A study which has so far received the sanction of that learned and orthodox body, stands some chance of being rescued from uninquiring contempt; and no set of men, we presume, could more safely be entrusted to appoint such professors as shall at least be untainted with extravagant anarchical principles (Whately, 1828, p. 171).

Nevertheless it is clear that he felt that Senior's justification of political economy, though "perfectly satisfactory" so far as it went, was "far from exhausting the subject" (1828, p. 173). He therefore devoted a few hundred words to each of two issues, the first of which Senior had ignored, and the second only briefly dealt with.

Many at Oxford (Whately knew) regarded political economy "with a mixture of contempt and dread—as a set of arbitrary and fanciful theories, subversive of religion and morality...." It was essential to reassure those who feared "the pursuit of knowledge of any kind, as likely to be injurious to the cause of religion" that "truth...can never be at variance with truth"; that holy scripture "should be appealed to only in respect of matters beyond the reach of unassisted reason"; and that "the Bible...was not designed to teach men Astronomy or Geology, or, it may be added, Political Economy, but Religion..." (1828, pp. 171, 172).

In the second place, there was more to be said about the vexed relation between wealth and virtue than in Senior's easy dismissal of the problem. Mandeville's argument that a society may have "either national wealth or national virtue" *but not both* (Whately, 1828, p. 173) is too deeply rooted in the very nature of economic theorizing to be brushed aside. Though Whately made no attempt to supplement Senior's treatment of this matter in his review it is clear from what followed that he had decided to do something about it himself.

In 1829 Senior's first term as Professor expired, and Whately allowed himself to be nominated to the chair. For

> ...some of my old friends have persuaded me that this is a sort of crisis for the science in this place, such, that the occupying of the office by one of my profession and station may rescue it permanently from disrepute. Religious truth... appears to me to be intimately connected, at this time especially, with the subject in question. *For it seems to me that before too long, political economists, of some sort or other, must govern the world;*... now the anti-Christians are striving hard to have this science to themselves, and to interweave with it their own notions... (Whately, 1866, I, pp. 66–67).

Whately was duly elected (unopposed) and delivered his first and only set of lectures in the Easter Term of 1831. For his academic career was abruptly terminated on 14 September 1831, by his nomination to the See of Dublin, making Whately the only economist in history to move directly from a professorial chair to an Archbishopric without intervening stages.

2. Demarcation of "Scientific" from "Religious" Knowledge

Whately's first object, in his *Introductory Lectures* (1832), was "to combat the prevailing prejudices against the study [of political economy], and especially those which represent it as unfavourable to Religion" (1832, p. vi). His method was to contrast the epistemological character of religious and scientific "knowledge," to argue that political economy consisted only of the latter, and to demonstrate that it was a merely instrumental study of the *means* to ends which must be sought elsewhere.

For English protestants of Whately's time religious knowledge came both by "reason" and by "revelation." "Reason," meaning in particular, Newtonian science, was supposed to demonstrate, or at any rate corroborate, the existence and attributes of the deity: including His power, wisdom, and perfect goodness (Waterman, 1991, pp. 66–70). "Revelation" meant the putative evidence of God's self-disclosure contained in holy scripture: yet as Whately was careful to note in his review of Senior, "The Scriptures should be appealed to only in respect of matters beyond the reach of unassisted reason" (Whately, 1828, p. 172). In his development of this point in the *Introductory Lectures* Whately was much influenced by another former pupil, Samuel Hinds, who became his first domestic chaplain (1831-33) and, like Senior, remained a lifelong friend and correspondent.

Hinds published an important book in 1831 on *Inspiration and the Authority of Scripture* which identified more clearly than ever before in Anglican discourse the distinction between "secular" and "sacred" knowledge. The two are not mutually exclusive, as we have seen, for the secular knowledge which comes by science can enlarge or confirm our knowledge of God. The domain of "natural theology" is precisely their intersection. But though revelation "should have a due share of our intellect," its truths must be "spiritually discerned" (Hinds, 1831, pp. 5, 7): that is, by "faith." Faith and reason are not in conflict, therefore, nor do they operate over wholly different fields: but the former is needed to give us knowledge not accessible to reason alone. The question is: what kind of knowledge does faith, operating on revelation, produce?

According to Hinds, the Bible contains its own hermeneutic rule in "many passages declaratory of the criterion by which its inspiration must be judged":

> It is not...truth of all kinds that the Bible was inspired to teach, but only such truth as tends to religious edification; and the Bible is consequently infallible as far as regards this, and this alone (Hinds, 1831, pp. 150–151).

Thus when scripture refers to other matters of an historical, scientific, or social-theoretic nature, its authority is not divine and therefore absolute, but only "that which attaches to the work of an honest and sincere author, and varies according to his individual circumstances, and the circumstances of the country and age in which he wrote" (Hinds, 1831, p. 152). The Mosaic account of the Creation, for example, has divine authority for "the religious truth involved in it... that God created and appointed the sun its sphere"; but its "authority for the astronomical truth is only human" (Hinds, 1831, p. 152), and therefore provisional and corrigible. It is clear from this that there can in principle be no conflict between the secular knowledge afforded by astronomy, geology, biology and the like, and the sacred knowledge to be "spiritually discerned" in scripture.

Whately's second lecture treated at length these matters. "Some there are who sincerely believe that the Scriptures contain revelations of truths the most distinct from religion." But it is an "erroneous principle" to appeal "to Revelation on questions to physical science" for "Scripture is not the test by which the conclusions of Science are to be tried." Now political economy resembles "physical science" in that it consists of "theory" in relation to "observable phenomena" (Whately, 1832, pp. 29, 30, 31).

> That Political-Economy should have been complained of as hostile to Religion will probably regarded a century hence (should the fact be then on record) with the same wonder, almost approaching to incredulity, with which we of the present day hear of man's having sincerely opposed, on religious grounds, the Copernican system (pp. 28–29).

Not only does the Bible contain no authoritative information about *scientific*, matters: even its account of "*moral* truths...must be received with considerable modification" (p. 32; my italics). For

> God has *not* revealed to us a system of morality such as would have been needed for Beings who had no other means of distinguishing right from wrong. On the contrary, the inculcation of virtue and reprobation of vice in Scripture are in such alone as seems to presuppose a natural power, or a capacity for acquiring the power, to distinguish them (p. 32).

A moral sense of some kind, an ability to perceive a "natural law," is necessary for right conduct: thus Whately opposed head-on the consequentialist—utilitarian—ethic which Paley (an ally) had maintained in common with Jeremy Bentham (the enemy).

So much for sacred knowledge, which comes by *faith*—the "spiritual discernment" of "revelation"—and which, though capable of being confirmed by *reason,* cannot be disconfirmed by it. What, then, is *scientific* or secular knowledge, and how is it to be sought?

It has recently been persuasively argued by Pietro Corsi (1987) that the chief source of Whately's approach to this question—an approach that he made in common not only with Copleston, Baden Powell, Hinds, Senior, Hampden, and the entire "Noetic" circle but also with John Stuart Mill—is the second volume ([1814] 1854–60) of Dugald Stewart's *Elements of the Philosophy of the Human Mind* ([1792], [1814], [1827]). The powerful influence that Stewart exercised not only over what became the *Edinburgh Review* circle but also over the first generation of Cambridge economists has long been attested (see Pryme, 1823, p. vii: *cit.* Waterman, 1991, p. 160). Corsi has shown that from the time that Stewart's pupil and friend, John William Ward (1781-1833, first Earl of Dudley), moved to Oxford and became Edward Copleston's tutorial pupil at Oriel (1799) there was continual communication, mutual respect, and mutual criticism between the two men who dominated the intellectual lives of Edinburgh and Oxford, respectively. Copleston was the chief formative influence upon Whately; thus it is no surprise that "the philosophical strategy adopted by Copleston and Whately in their polemical works was greatly indebted to Stewart's...*Elements of the Philosophy of the Human Mind*" (Corsi, 1987, p. 94).

Like most philosophers of his time and place Stewart worked to uphold "the Inductive Philosophy of the Newtonians" from "the hypothetical systems of their predecessors" (meaning Descartes). Volume II of his *Elements* was written, in part, to meet the objections raised by Francis Jeffrey (1810) against naive or crude inductivism. A "chaos of insulated particulars" must be distinguished from "a knowledge of connected and well ascertained facts." That this can only be had by *theory*, for "without theory...experience is a blind and useless guide." Indeed there can be no "facts" without theory, and "so deeply rooted in the constitution of the mind is that disposition on which philosophy is grafted, that the simplest narrative of the most illiterate observer involves more or less of hypothesis." Hence "when a scientific practitioner quits the empirical routine...in quest of a higher and more commanding ground," he looks for "general laws" which enable him "to separate accidental conjunctions from established connexions" (Stewart, 1854, III, pp. 322, 327, 329, 328, 329).

Stewart, a pupil, friend, admirer, and authoritative expositor of Adam Smith, illustrated his argument from *Political Economy,* a scientific (or philosophic) discipline contrasted with the crude observationism of the "*political arithmeticians, or statistical collectors.*" It was "acknowledged by Mr. Smith, with respect to himself, that he had 'no great faith in political arithmetic.'" Smith's aim was to identify "the *general laws* which regulate the course of human affairs." These are few, are "practical maxims of good sense," and may be known by introspection: "we have only to retire within our own bosoms, or to open our eyes to what is passing around us" to be assured of their truth. Chief among them are: (1) that "Political Order" is the spontaneous outcome of individual decisions and is "less the effect of human contrivance than is commonly imagined"; (2) that "every man is a better judge of his own interest than any legislator can be for him"; (3) that "private interest may be safely trusted to as a principle of action universal among men"; and (4), as a consequence of these, that "there is a reasonable presumption in favour" of maximizing economic freedom subject to "the security of property" (Stewart, 1854, III, pp. 331, 333). Though Stewart presented these as "conclusions" deduced from premises it is evident that (1), (2) and (3) might be, and in fact were by Adam Smith and his successors, used as axioms in a *deductive* system of economic theory. Thus Stewart contrived to defend science in general and political economy in particular as a theoretical structure deduced from axioms, essential for the organization and even the correct identification of "facts," whilst continuing to pay lip-service to the Baconian inductivism mythopoeically attributed to the immortal Newton. The third axiom, first stated as that *"the desire of bettering our condition appears...to be the masterspring of human action"* (332) was crucial. Together with the resemblance which Stewart noted (331) between the "general laws" of political economy and those of physics, it formed the centerpiece of that Anglican, Oxonian reconstruction of the methodology of political economy which ever since has defined orthodoxy in our discipline. As Copleston put it in his first *Letter to Peel* (1819, pp. 61–62), "Profit is in mercantile dealings, what *gravitation* is in the system of the universe: and no problem is worth listening to, which supposes the absence of that universal principle."

Whately applied Dugald Stewart's account of the inescapably theoretical way in which "the human mind" organizes "experience" into scientific knowledge to Senior's definition of political economy as the science of *wealth.*

A narrower definition would have suited Whately better. For since the "propensity to truck and barter" noted by Adam Smith distinguishes human from other animals, and since "it is in this view alone that Man is contemplated by Political-Economy," it would be better to speak of 'catallactics, or the science of exchanges.'" But if "the term Wealth is limited to *exchangeable* commodities" (as Whately supposes it is in Smith), then the more usual definition will do (Whately, 1832, pp. 6, 7). Whately noted that some have criticized political economists for "confining their attention to the subject of Wealth." But for his polemical purposes (as against the Philosophic Radicals who wished to base policy recommendations on political economy alone) this is entirely proper. For the seeming recommendations of economists must be understood "*in reference to national wealth* alone; and not as giving any decision as to its *absolute* expediency." An economist who presumes to recommend upon the assumption "that wealth constitutes the sole ground of preference of one thing to another" will be "deserving of censure": for his "proper inquiry" is "as to the means by which wealth may be preserved or increased. To inquire how far wealth is *desirable,* is to go out of his proper province" (pp. 18, 19, 21-22).

It is, of course, the abstract nature of political economy which isolates it from the welter of particular circumstances as interpreted by human values—each of which is historically and culturally specific—which must largely govern public policy formation. Whately's exposition of the abstract, theoretical, ahistorical nature of economic science closely follows Dugald Stewart.

All observation is theory-laden; hence there can be no escape from theory, only a choice between explicit and implicit theorizing. The latter is almost always inferior.

> When you find anyone contrasting... Experience with Theory, you will usually perceive...that he is in reality comparing the results of a *confined,* with that of a *wider,* experience;—a more imperfect and crude theory, with one more cautiously framed... (p. 68)

Theory may be true or false. This is where observation plays its part in scientific inquiry: for "if we really are convinced...of the falsity of any theory...we must needs believe that that theory is also at variance with observable phenomena" (p. 31). We must therefore begin with theory and search for the "facts" which may confirm or disconfirm it.

> ...it is remarkable...that the revolution brought about in philosophy by Bacon was not the *effect* but the *cause,* of increased knowledge of physical facts:...men...discovered new phenomena in *consequence* of a new system of philosophizing (pp. 237-238)

In modern parlance, the "logic of scientific discovery" proceeds deductively, not inductively. Each individual

> ...has in his mind certain *major premises*—i.e., principles—relative to the subject in question; that observation of what actually presents itself to the senses, supplies *minor-premises;*—and that...(... which is reported as a thing experienced) consists...of the *conclusions* drawn from the combination of these premises (p. 69; see also p. 239).

Economic theory consists of "collecting, arranging, and combining whatever general propositions on the subject can be well established" (p. 79), and these are few. Its "fundamental principles" are based on "very little information beyond what is almost unconsciously, and indeed unavoidably, acquired by every one" (p. 225). Man is "by nature a social Being" and human society is not preconceived but is the unintended outcome of "instinctive propensity" (p. 91). "Private interest," especially the "desire of wealth" and "emulation" (neither of which in themselves are "either virtuous or vicious"), are a constant and universal feature of human behavior (pp. 97, 61, 145, 146). Humans are to be regarded as "rational free agents" (p. 99). From such simple ingredients we can construct a model of spontaneous market order which solves, for example, "the problem of supplying with daily provisions of all kinds such a city as our metropolis" by individuals "who think each of nothing beyond his own immediate interest" (pp. 93–94, 96). The illustration was, as Whately meant it to be, of service to natural theology. He had intended, if appointed to the chair, to make "a sort of continuation of Paley's 'Natural Theology,' extending to the body-politic some such views as his respecting the natural" (Whately, 1866, I, p. 67). His example of the beneficent operation of the Invisible Hand, eventually incorporated in Samuelson's textbook (Samuelson, 1958, pp. 37–38), afforded "one of the most beautiful pieces of Sunday reading it ever fell to the lot of the Westminster Review to recommend" (*WR*, January 1832, p. 10).

The *method* of economic theory is analytical: "we are more likely to advance in knowledge, by treating one subject at a time." "Human propensities," and the "general laws" which can be deduced from them, enable us to model social processes as they would be if no "disturbing cause" were present (Whately, 1832, pp. 23, 228). Thus Malthus's theoretical principle—that population has a *tendency* to increase beyond subsistence—means that "there are in Man propensities which, if unrestrained, lead to that result." "Propensities" are the behavioral assumptions used to formulate *ex ante* relations between economic variables (e.g., food; population) which are the starting point, but only the starting point, of a scientific account of economic phenomena. Because it is essential, in constructing any such account, to be absolutely clear about the concepts employed, good *definitions* are of the essence.

> The terms which may be considered as forming the technical language of Political-Economy, being all taken from common discourse...stand more in need than those of almost any science, of accurate definition, and rigid confinement to their defined sense... (p. 240).

Whately had requested Senior, upon the latter's first becoming Drummond Professor, to supply the Appendix on "Definitions in Political Economy" to his famous textbook on *Logic* (1826).

3. The Methodology of Political Economy

Whately's second object was to weaken and if possible to refute the "fundamental doctrine," first advanced by Mandeville and widely supposed to discredit political economy, of "the incompatibility or discordancy of national Wealth and Virtue" (Whately, 1832, p. 49). He addressed this first by insisting on the ethical neutrality of political economy, and secondly by enlarging Senior's defence of Wealth with a theological interpretation of the market economy.

Because the "strict object" of political economy "is to inquire only into the nature, production and distribution of wealth; not, its connexion with virtue or with happiness," its usefulness is unaffected by the moral nature of wealth. For "whether wealth be good, or an evil, or partly both, the knowledge of all that relates to it is not the less important" (pp. 50, 49). But in fact, as Whately goes on to show (Lecture II), both private and public wealth are "in themselves goods"

(p. 59): it is the human use of wealth which may be good or evil. His Lecture IV, as I have noted above, applied to human social phenomena the teleology of Paley's *Natural Theology* ([1802] 1825): by means of market exchange "Man is, in the same act, doing one thing, by choice, for his own benefit, and another, undesignedly, under the guidance of Providence, for the service of the community" (Whately, 1832, p. 103). The argument was strengthened in Lecture VI by a consideration of "emulation": what we should now describe as "positional goods" are valuable as incentives to economic growth.

> The race never comes to an end, while the competitors are striving, not to reach a certain fixed goal, but, each, either permanently to keep ahead of the next, or at least, not to be among the hindmost (pp. 147–148).

But apart from the claim that political economy is merely a study of wealth whether wealth be good or bad, Whately's treatment of wealth and virtue has no direct bearing upon methodology.

We may therefore summarize the methodology expounded in the *Introductory Lectures* as follows:

1. Scientific or secular knowledge is sharply distinct from theological or sacred knowledge
2. The former comes by "experience": that is to say, through the interpreting of observational data by "theory," where "theory" consists of "general laws" or "principles" which may begin as *inductive* generalizations but which function as the axioms of a *deductive* system of putative, falsifiable inferences
3. The latter comes by "faith": that is to say, by the "spiritual discernment" of the strictly *religious* truths contained in "revelation" (meaning the canonical texts of the Christian Bible) and which are and must be "beyond the reach of unassisted reason"
4. "Reason" may make use of scientific knowledge in corroborating religious knowledge (natural theology)
5. But reason cannot be at variance with faith for it is precisely the function of the latter to generate knowledge where the former cannot operate

6. Thus science cannot falsify the *religious* truths contained in scripture, and scripture cannot falsify the *scientific* truths obtained by "theory" and "observation"
7. *Political economy* is a scientific study of the "nature, production and distribution of wealth"
8. Like all scientific inquiry its method is analytical: the whole of human "experience" is deliberately ignored except only those elements abstracted for the purpose of formal study
9. Because it is a science of the social phenomena produced by the actions of "rational free agents," its "principles" are either generalizations about the nonhuman constraints on human action (e.g., diminishing returns) which may be known by common observation, or generalizations about goal-directed human behavior which may be known by introspection
10. Because scientific method in general abstracts from religious considerations which are the prime source of values, and because political economy in particular abstracts from all ethical aspects of its subject matter, political economy can provide guidance only with respect to the *means* of obtaining certain social ends, and none at all about whether those *ends* ought to be pursued
11. Which is to say, political economy attempts to answer questions of what *is,* leaving strictly alone questions of what *ought* to be: *per se*, an economist can give no advice about public policy.

It is evident from this summary first, that Whately's methodology was highly serviceable for his ideological counter-attack on the Philosophic Radicals; secondly, that it supplied the first extended account of the "orthodox" or "mainstream" economic methodology developed and restated by Senior, J. N. Keynes, Robbins, and their successors; and thirdly, that *a sufficient insulation of "economics" from "religion" is an integral part of that methodology.*

The Philosophic Radicals had sought to capture the "reform" movement and make it subject to political economy. Whately showed that political economy is indifferent as to the ends of policy, that the latter require value-premises, and that the utilitarian basis of Benthamite values is philosophically inadequate (Waterman, 1991, pp. 213–215).

When Senior accepted a second term as Drummond Professor (1847–52) he greatly amplified his treatment of methodology in *Four Introductory Lectures* (1852), closely following the Stewart-Whately line. Political economy is a "mental study" (Lecture II), a "science," not an "art" (Lecture III), and as against J. S. Mill (1974: *Essays on Unsettled Questions in Political Economy,* composed in 1829–30, first published 1844), "a positive, not an hypothetical science" (Lecture IV). McCulloch (1843, pp. vi–x), as might be expected, had strongly objected to Senior's insistence, in the Introduction to his *Outline* (Senior, 1836, p. 3), that "the economist 'is not to give a single syllable of advice.'" Senior responded with a clear distinction between "science" which permits us merely to instruct, and "art" which permits us to "advise" (Senior, 1852, pp. 23–25). Though Marian Bowley (1937, pp. 54, 65) maintained that Senior changed his mind more than once, between 1827 and 1847, about whether there could be an "art" of economics, she rightly insisted that "it was Senior, rather than Cairnes, who was the most important writer on scope and method among the classical economists"; and the one whose work was most influential for the twentieth-century development of economic methodology.

Finally it is clear that the orthodox view of economics as an instrumental study of *means,* based upon deductions from quasi-axioms supposed to be inductive generalizations about human motivation and physical constraints, can have nothing to say about "ultimate judgments of value." If there can be any such thing as "sacred" knowledge, then all "ultimate" judgments, all consideration of human *ends,* must lie wholly within its field.

This does not mean that economics has nothing to say about God, for it is possible, as Whately, Sumner, Bastiat, and many others believed, that the scientific knowledge of human societies afforded by political economy may be co-opted by natural theology. But the apologetic value of such an enterprise depends precisely upon the fact that such knowledge should indeed be "scientific" in the sense of being publicly accessible to all who will submit to its discipline *regardless of religious belief or theological preconceptions.* It is for that reason, I believe, that present-day orthodox methodology, descending as I have shown from the work of Whately and Senior, takes it for granted that "economic analysis" is indeed "as far removed" from theological considerations "as are the techniques of any other science."

4 John Bates Clark: The Religious Imperative

John F. Henry

To what extent did J. B. Clark's religious precepts dictate the development of his mature economic theory as found in *The Distribution of Wealth* (1899)? That Clark had such precepts is incontestable: He was raised in a family that had a strong sense of religious duty, held daily prayer sessions, and observed a "strict and full Sabbath" (Clark, 1938, p. 6); he had numerous forbears who were ministers and church officials; he intended to enter the ministry while a student at Amherst; and throughout his academic life he wrote for religious periodicals.

By itself, such information does not answer the question. It is conceivable that Clark's strong religious disposition could be compartmentalized and his scientific work could then be free of such ideology. An examination of his writings, however, indicates that Clark carried his religious inclinations into his scientific work. This is clear and overt in his publications leading to *The Philosophy of Wealth* (1886) but increasingly muted in his post-1886 output. Nevertheless, the religious component remained and, while not readily apparent if one confines one's reading to *Distribution* or *Essentials of Economic Theory* (1907), established a partial foundation to his mature scholarship.

1. The Changing Intellectual Milieu After the American Civil War

The starting point for a study of Clark's theoretical propositions is the social environment within which his arguments unfolded. Clark wrote during a particularly stressful period in U.S. history, a period that saw the convergence of several forces that caused a great unsettling of conventional ideas, institutions, and social relations. Clark spoke to all these forces and attempted to rescue convention, but in a modified form. His program was not merely an attempt to attach economic principles to religious tenets, or coarsely to impose religious premises on to economic theory. Rather Clark attempted to develop a substitute for religion that complemented and fortified received Christian doctrine. And this was carried out within a far broader program that spoke to the capitalism of his day: Clark's general argument cannot be understood outside this larger context.

The period that saw the development of J. B. Clark's mature economic theory was one of extreme tumult. In the post-Civil War era, the economy underwent its transformation from one of a relatively small-scale competitive nature to that of large-scale producing units. Attendant to this development, labor became increasingly concentrated and collectivized, fomenting the birth of a labor movement that was decidedly militant and contained strong anarchist and socialist tendencies.

In addition, the small producers—those cast aside by the outcome of the competitive struggle of the period—also rebeled and raised a challenge to the "Robber Barons" and the "trusts." The populist movement served as another focal point around which discontent and anger at changed circumstances rallied.

With the transition to noncompetitive forms of organization, increasingly concentrated in cities, the United States proceeded apace to shift from an agrarian, rural-based environment to a modern, urbanized manufacturing-dominated society. Institutions, ideology, and social conventions developed in and for a more provincial setting were losing their force, and their replacements were still struggling to discover their proper place and function.

While there were a number of significant developments in the area of ideology, this argument will focus on only one: religion.

Two primary forces were working to modify the conventional (Christian, largely Protestant) religious structure in the United States. Initially, given the economic and social evolution outlined above, the established religious institutions that had served as one socially unifying force in the pre-war period were losing their ability to regulate and direct the community's political drift. With urbanization and unionization, this control was weakened. Alternatives to church activities, particularly that of Sunday services, abounded; and militant unionists tended to view the church as representing the interests of the rich—or of "capital," against the poor—or "workers" (Gutman, 1978).

Secondly, religion of all stripes was reeling under the blows of advances in science, particularly that of Darwinian biology. Prior to the work of Darwin, religion and science in America had enjoyed a somewhat uneasy coexistence (Hovenkamp, 1978, pp. 10–18, *passim*). Pre-Darwinian science was largely of a mechanical nature, exemplified by Paley's Newtonian metaphor of the universe as a clock which, when wound, would work its deterministic way to a particular and knowable conclusion (see Gould, 1987). Such a view could readily be accommodated within a religious framework: someone had to wind the clock.

After the advent of the Darwinian theory of evolution, the scientific world was less accommodating. Now the mechanically deterministic picture of the world was replaced by one of no necessary design, of constant change. Permanence was an illusion, a divinely ordered universe with a first or final cause was perceived to be at variance with scientific reality. No longer did overtly religious appeals have weight within the modern, progressive intellectual community. As Ross and Randall explain:

> The problem of intellectual authority developed during the 1860's and 1870's, as the harmony between science and religion...proved increasingly difficult to maintain. By mid-century, the synthesis of physics and chemistry...and advances in physiology and biology...all suggested that natural science had the power to provide a total worldview.... American society was reaching the point of integration ...when people became aware that human events were caused not by personal intentions and actions close at hand, but by impersonal, distant, and less apparent causes, and hence turned for authority and practical power to the impersonal explanations of natural science (Ross, 1991, p. 54).
>
> In the seventeenth century, it was the new science that needed justification against the reigning religious and moral tradition.... But by 1860, the scientific faith had been reestablished, and no longer stood in need of philosophic support and defense. It was now... religious and moral values that needed defense against the "encroachments" of science (Randall, 1977, p. 4).

Within this milieu there emerged several religious responses. Here, we shall outline those two that played a significant role in the development of Clark's general perspective. The first response of concern, that which dominated Clark's earlier view, was "the social gospel."

The social gospel movement was not a peculiarly American phenomenon: one finds the same development in other countries, in particular England (see Jones, 1968; Cort, 1988; Norman, 1987). Nor was the essential argument limited to certain Protestant denominations: There are decided similarities to the new social doctrines arising within Roman Catholicism (see Abell, 1968, specifically the selections by Gibbon and McGlynn; and Leo XIII [1891] 1963). Since it is only the America Protestant form of this movement that influenced Clark, the characteristic features of this movement will be succinctly outlined.

Responding to the economic changes then under way, the growth and militancy of the labor movement, the increased urbanization of the country, the perceived moral laxity and corruption, *and* the impact of the "new science," "...a minority of Protestant leaders...[attempted] to reorient the historic faith of America to an industrial society.... (Hopkins, 1940, p. 12). Arguing against their conservative brethren, such ministers as Washington Gladden, Joseph Cook, and A. J. F. Behrends attempted to drag the church into the political fray and force it to take a leading position on the issues of the day—or face extermination.

In his seminal work Hopkins (1940, p. 12) lists four main issues with which the leaders of the movement wrestled:

> They questioned the prevalent rationalizations of unrestricted competition...; they regarded the conflict between labor and capital as the crux of the maladjustments attendant upon the industrial revolution; they condemned the business ethics of the "Great Barbecue"; and they began an attack on the problems of urban life, notably the relation of the church to the masses.

Now while the social gospel movement was without question attempting to prod the church into taking a stand on questions of social justice, it is equally clear that it did so primarily for defensive purposes. Without effective guidance from the church, workers would move in a socialist direction and overthrow existing institutions of Christian society—in particular, that of private property. While a few ministers were not unfriendly toward such a development, the movement as a whole was largely a reaction to this perceived threat. Indeed socialism itself served as a powerful impetus to the formulation of the social gospel and the attempt by its leaders to galvanize the church into taking a leading role in directing workers toward a nonsocialist solution of "the labor problem" (Hopkins, 1940, pp. 67–97). Social Christianity was *not* Christian socialism.

The second response, that which dominated Clark's later writings, was the attempt to fashion arguments that seemed to replace the older religious defense of authority with a progressive, modern, scientific program. While such arguments appeared scientific, they were, in substance, based on the increasingly discredited religious position. Now "[s]cience is the revelation to reason of the policy by which God administers the affairs of the world" (Youmans, 1867, p. 48). God was in nature, directing nature, and leading nature to "the Kingdom."

At Amherst, this position was put forward most forcefully by Julius Seelye, Clark's professor of economics there, and it was he who convinced Clark to abandon his proposed clerical career for that of professional economist. For Seelye, the Christian faith was to be accepted because it was rational. Science dealt in generalizations based on universal laws established by God which humans had no power to violate. The task was to discover these immutable laws which would then demonstrate the divine wisdom lying behind them (Everett [1946], 1982, pp. 29–31].

In the ante-bellum period, it could be justly argued that economics programs were simply a "divinely ordained extension of Christian moral philosophy" (Barber, 1988, p. 7). Now they were being modified to accommodate the new science. It remained true, however, that the older defense of established authority continued to be voiced, as indicated by the overtly religious appeals in Amasa Walker's *The Science of Wealth* (1866), Clark's textbook at Amherst, and in other leading texts by Atkinson, Bowen, and Perry.

2. The Early Clark

If one were to limit this investigation to the place of religious ideology in Clark's writings up to 1886—his so-called Christian Socialist period (Dorfman, 1949, p. 189)—it would be a simple matter to reach a definite conclusion: the whole of Clark's early output is directed toward establishing a religious base to his perception of economic theory and its functions.

From 1878 through 1886, Clark contributed a series of articles and book reviews to *The New Englander*, a portion of which constituted in revised form the bulk of *The Philosophy of Wealth*. Here Clark addresses the changed economic conditions of the post-Civil-War period that he believes demand a new approach to economic theory and policy. A survey of these articles indicates a strong similarity to the social gospel program (Tanaka, 1990). Nor is this surprising, for though—unlike Ely and some other notables—Clark was not intimately connected with the social gospel movement, he did participate in the Oberlin conference organized by Commons in 1895, under gospel auspices, and students of Union Theological Seminary, a strongly social-gospel institution, were encouraged to take his courses at Columbia (Dombrowski, [1936] 1966, p. 72).

In its essentials, the whole of Clark's early program was intended to promote a particular view of distributive justice. With the decline of competition, injustice grows. A new justice was emerging, however, based on "moral force" or a divinely directed economic evolution. What Clark presents is an admixture of economic and religious argumentation in which the religious component is dominant and clearly stated.

Clark's first concern was to develop a theoretical argument in accord with the fact that the older, "crude," or "brute" competition was rapidly being replaced by a "modern" form of capitalism based on large-scale, collectivized production along with an organized labor force. In the older, classical understanding of capitalism, as long as there was rough equality between capitalists and workers, competition itself was expected to provide a just distribution of income based on equal exchange that was morally defensible (Clark, [1886b] 1967, pp. 160–161).

> As [competition] gradually came into existence it demonstrated its capacity for dividing products with a certain approach to justice. It commended itself to men's sense of right, and was established...on a moral basis (Clark, 1886a, p. 533).

As capital became concentrated and competition disappeared, injustice became the rule as unorganized workers faced an organized capitalist class. Essentially, "...there is a diversity of interest in the operation of distribution" (Clark, 1879b, p. 568).

With the development of labor unions, capital and labor achieved a more equal footing. The problem now became this: the old law of distribution, based upon competitive supply and demand, generated a "just" distribution of income; but as competition disappears and is replaced by "co-operative," "non-competitive economics" (Clark, [1886b] 1967, Ch. X, XI), it becomes necessary to uncover a new law of distribution that must be based on "moral force" (pp. 132–133).

For Clark, in the immediate period this new law was to be based on arbitration:

> ...that which favorably affects the terms of distribution is not merely the consolidation of labor, but that movement followed by the moral development for which it opens the way. The solidarity of labor calls imperatively for arbitration...and accustoms the public mind to accept a standard of wages determined by justice rather than by force (171; see also Ch. X).

During this early period, though Clark often appears to argue from a socialist, anti-capitalist position (e.g., Clark, 1878, 1879b), the view that Clark held a socialist perspective is misleading. What Clark is responding to is not capitalism itself, but the *form* that capitalism was then taking. Essentially, he follows both the social gospel and the populist positions which attacked the noncompetitive, large-scale organizations then becoming prominent (Henry, 1982).

Clark distinguished what he termed political socialism or Marxism from "true" or "Christian" socialism. Although recognizing that the former had great appeal (Clark, 1878, pp. 533–534), he considered it a "wild lawless protest against some real and some imaginary grievances" (p. 535).

Though it is impossible to find a precise definition of what Clark meant by true socialism, it is clear that he did not intend a new economic organization that would violate existing property relations but one that would seek to secure greater justice in the distributional process (Clark, 1879b, p. 567). Clark recommends the "[vesting] of the ownership [of property] in social organization," by which he means the establishment of small holdings for workers, cooperative societies, and the like (Clark, 1878, p. 541). For Clark, private property was a necessary and sacrosanct institution (Clark, 1890c, 1890d). Essentially, what Clark argued was a reform of existing organizations to accommodate disgruntled workers and farmers.

Furthermore, Clark is very clear at this stage in his view of the relations among a correct theory of distribution, justice, and the preservation of the social order:

> If it is humanly possible to thus settle the questions at the basis of the law of wages, no scientific work can be more immediately and widely beneficent. These questions tend, if rightly answered, to public order; if wrongly answered, to communism; and, if unanswered, to agitation and peril (Clark, [1886b] 1967, p. 109).

In his statements on "true" socialism, one sees the theological program in Clark's general theory of the *Philosophy* period. True socialism is divinely ordained: it is God's plan, and God is directing society toward this end (Clark, 1879b, pp. 572, 581). This teleological view of the transition from competitive to noncompetitive capitalism is merely a stage in a long, evolutionary process by which evils are abolished and injustices remedied through a divinely ordered process which Clark equated with "moral force":

> The final abolition of slavery is traceable to the same influence which abolished cannibalism in primitive times, and is another instance of moral force overcoming an apparent economic necessity.... The difference between present and former modes of competition may be credited to this moral force.... The sense of right is a silent and slow-acting force, but, when aroused, it is resistless.... We need to recognize the moral force by which these earlier evils have been removed, and to know that that force is still equally powerful (Clark, 1878, pp. 538, 539, 541, 542).

For Clark, "true" socialism is God's kingdom on earth, the result of a long evolutionary process guided by the Creator and eventually implemented as part of the divine plan:

> Unknown to social theorists, the way for true socialism has been preparing for a hundred years, and a consideration of these preliminary steps helps to give the true conception of it, as a general development, directed by the Providence which presides over all history.... Here is the dividing line between the false political socialism and the true; the one sees the ideal, and would force humanity to it through blood and fire; the other sees the ideal, and reverently

> studies and follows the course by which Providence is leading us toward it (Clark, 1879b, pp. 572, 577).

Moral force, or divine law, is gradually instituting justice in the distributional process and serving to preserve the social order against "political" socialism. The new development in this scheme is arbitration, which itself will eventually be supplanted by God's kingdom.

3. The Mature Clark

After 1886, Clark began to rid himself of any "socialist" or critical taint and, not coincidentally, move toward an examination of the distributional process that was seemingly free of any overt religious foundation, though his concern for a morally defensible scheme of distributional justice remained. Two forces seem to have been working to cause this transition.

Initially, following the notorious "Haymarket affair" of 1886 (Foner, 1975, pp. 105–114), there was a severe political reaction that reached deeply into the universities (Furner, 1975; Ross, 1977–78). It was now imperative, if one wished to remain an academic, to promote only "respectable" ideas.

One illustration of Clark's new tack is that he increasingly distanced himself from any economist tarred with the socialist brush. When approached by Henry Adams who was organizing support for Ely (*the* economist of note in the social gospel movement) who was being threatened with dismissal at Johns Hopkins, Clark refused his assistance, writing:

> What I wish you might...do is to make him [Ely] more cautious as to uncertain meanings...that lead the average reader to discover a drift...in a socialist direction. The country as a whole, does in my opinion really rate Dr. Ely as a half socialist....it is a pity to sink himself under the odium of semi-socialist (Clark, 1888b).

Secondly, under the onslaught of scientific advance, an overtly religious defense of established authority was carrying less weight in academic circles. By the time of Clark's maturity as an economist, overt religious statements and positions were increasingly rare. It became *de rigueur* to present a "scientific" argument, one that would give the appearance of equivalence to modern, progressive thinking in chemistry, biology, and, in particular physics (Mirowski, 1989).

A close examination of Clark's writings in the post-1886 period, however, demonstrates that he continued the line of argument established in the previous period, though with significant modifications. Indeed in the preface to *Distribution* he tells us that the mature theory dates from 1881 ([1899] 1965, p. v).

In the early stages of his mature period, Clark did not totally abandon religious sentiments in his writings, but began to distance himself from his earlier pronouncements on the distributional system. Not only has justice become the standard of the transformation under way, but that transformation itself, previously condemned as based on noncompetitive, coercive arrangements, is seen to be the culmination of God's plan to establish His kingdom on earth. Indeed, the very turmoil that permeated American society was proof that the millennium was at hand:

> ...there is a new economic system and...it stands in a special relation to Christian ethics.... The surface phenomena are misleading and seem...to mean the unchaining of demons rather than the ushering in of God's kingdom in the industrial world (Clark, 1887b, pp. 50, 53).

In this divinely ordered program there must be justice.

> Our predecessors divided the proceeds of industry by a free struggle of man with man; we divided them between classes rather that between individuals, and then by an appeal to some tribunal of equity. Economic science must take account of these changes... (Clark, 1887a, p. 2).

At this point, Clark still has no new theory of distribution but assures his readers that, whatever that theory will be, it must reflect the actual justice that exists in the economic system, a justice that is God-driven. Moreover,

> [w]e are drifting toward industrial war for lack of mental analysis. Classes in society are at variance over a ratio of division, and have no clear conception of the thing to be divided (Clark, 1887c, p. 35).

Rather than a conflict based on an unjust distribution of income that resulted from the power structure of the economy—his earlier position—the problem now is that of incorrect perception.

In 1888 Clark first put forward the rudiments of his capital theory, and in the process reiterated a position on the relation between theory and the established order first stated in his *Philosophy* period:

> This practice (of confusing the concepts of capital) has given a decided impulse to agrarianism and state socialism. Economic theory...is a main-spring of political action, and a faulty theory widely taught is sure to produce fruit in bad action (Clark, 1888a, p. 92).

The task of theory, then, is to produce a view that sustains the existing order.

By 1889, we observe his first hesitant step in the direction of the marginal productivity theory of distribution. In "Possibility of a Scientific Law of Wages" (1889), Clark asserts, "General wages tend to equal the actual product created by the last labor that is added to the social working force" (1889, p. 49), and that the new theory of wages (distribution) must be based "on native impulses in men and society" and must be universal in application (pp. 39–40). That is, Clark is developing a supposedly natural-law theory of distribution that is "above" society and thus replicates the older and increasingly discredited divine law of his earlier period. Whether coherent or not, this approach is congruent with Seelye's overtly religious program of discovering universal immutable laws that are in conformity with Divine wisdom.

By 1890, Clark has a fairly complete statement of his marginal productivity theory of distribution. "The Law of Wages and Interest" lays out in bold form the central issue to be decided:

> Is present society rooted in inequity and does it give to a few men the earnings of many? Is robbery in which three quarters of the human family are victims perpetuated and legalized by the "capitalistic" system? These things we shall know if we can find the forces that govern the rate of pay for labor.... Yet...we must aim to study the Wage-and-Interest Law in as unbiased a way as if no practical contests were to be decided by it (Clark, 1890b, p. 43).

But Clark has already decided the issue. Prior to the creation of a theory of the modern type, he has already determined that distribution under modern capitalist conditions is equitable and morally correct. Since God is driving the economic system, the outcome must necessarily be just. The theory being developed is designed specifically to demonstrate this point.

From here, Clark goes on to develop the complete theory of distribution as eventually contained in *Distribution* (1891a, 1893, 1894a, 1895). And he leaves little doubt that the new theory is politically significant. In his 1894 American Economic Association presidential address, published as "The Modern Appeal to Legal Forces in Economic Life," he states that the new theory of distribution serves as a scientific repellent to anarchism and socialism and that it provides a guide to proper reform of the modern economy.

For Clark, the limits to reform are set by the "natural" distribution that results from the universal laws of economics. Any attempt to redistribute income away from capitalists toward workers—the socialist and anarchist proposals—would obviously violate these limits (Clark, 1894b, pp. 483–484). Furthermore, in contradistinction to his earlier position on the "trusts," Clark argues that these organizations are actually beneficial because they are better organized for coordinating economic activity than the previous competitive structure (Clark, 1890a, p. 223). Indeed for Clark, competition now becomes the moral force within the economy. Monopolies continue to be decried, but concentration by itself is not unjust so long as the competitive equilibrating mechanism is maintained. In contrast to the position set forth in *Philosophy*, competition is alive and well, whereas monopoly is mere "friction" ([1899] 1965, p. 76).

While Clark had abandoned by 1890 all overtly religious apologia in his professional articles, he continued to write for religious periodicals. The thrust of the argument presented in these can be demonstrated by an article written for *The Christian Register* in 1891. Clark states that the Darwinian theory has conquered the fields of science, and that it is time to abandon divine law arguments and adopt an up-to-date natural-law position on such matters as income distribution. Furthermore, natural law can be used as readily as divine law to defend propertied interests, because the former teaches that trade unions (of the large, federated, modern type), and in particular socialism, violate the law of distribution and must therefore be resisted (Clark, 1891b).

With his marginal productivity theory of distribution, therefore, Clark has accomplished two ends that are interconnected for him: he has found a substitute for his earlier religious line of argument (natural law replaces divine law), and has continued his defense of the capitalist order. This ideological program can be readily observed in the opening sections of *The Distribution of Wealth*:

> It is the purpose of this work to show that the distribution of wealth is controlled by a natural law, and that this law...would give to every agent of production the amount of wealth which that agent creates. ... At the point in the economic system where titles to property originate...the social procedure is true to the principle on which the right of property exists (Clark, [1899] 1965, p. v).
>
> The indictment that hangs over society is that of "exploiting labor."... If this charge were proved, every right-minded man should become a socialist.... If we are to test the charge...we must enter the realm of production. We must resolve the product of social industry into its component elements, in order to see whether the natural effect of competition is or is not to give to each producer the amount of wealth that he specifically brings into existence (p. 4).

Indeed, almost the whole of the first chapter of *Distribution* is given over to a defense of capitalist property relations based upon his productivity theory of distribution.

At the same time, Clark attempts to separate his theory from moral issues:

> We might raise the question, whether a rule that gives to each man his product is...just.... The entire question whether this is just or not lies outside our inquiry, for it is a matter of pure ethics (p. 8).

This is merely disingenuous. In the developmental stage of his theory Clark not only passed moral judgments on the argument as well as on contending theories but based the theory itself on a moralistic foundation that was carried over from his *Philosophy* period and which itself was equated to religious precepts. Indeed, on the ensuing page (p. 9), Clark provides a moralistic foundation for private property.

In a 1902 address, moreover, Clark stated specifically the relation between his modern, natural-law, theory and the earlier, religious line of argument. Here he called competition "morally good," whereas monopoly "...is morally evil." Thus:

> The kind of reform we need in order that democracy may become in a true sense, a religious democracy—that is, one that conforms in practical conduct to the high precepts of religion—is the strategic application of power to remove the obstacles (monopoly), and let the natural forces (competition) work (Clark, in Everett, [1946] 1982, p. 68).

Finally, his attempt to separate the theory from a moral/religious foundation is revealed in his last published work in economics, *Social Justice Without Socialism*. Clark provided his summary of the theoretical program which began in the 1870s and culminated in the "Grand Productivity Principle," a summary in which God, or moral force, is ever driving the economy toward justice; and where this justice is realized by the distributional system within a capitalist economic order:

> (There is a law that)...tends in the direction of a fair division of products.... In the midst of all prevalent abuses this basic law asserts itself like a law of gravitation.... In this is the most inspiriting fact for the social reformer. If there are "inspirational points" on the mountain-tops of science...this is one of them, and it is reached whenever a man discovers that in a highly imperfect society, the fundamental law makes for justice.... Nature is behind the reformer.... To get a glimpse of what it can do and what man can help it do is to get a vision of the kingdoms of the earth, and the glory of them—a glory that may come from a moral redemption of the economic system. A new Jerusalem may actually arise out of the fierce contentions of the modern market. The wrath of men may praise God and his Kingdom may come, not in spite of, but by means of the contests of the economic sphere (Clark, 1914, pp. 34–36, 47).

4. Conclusion

Did Clark continue the religious line of argument first established in the *Philosophy* period? Yes, though the form of the argument is significantly modified.

In the early period, capitalism generates injustices in the distributional mechanism given the noncompetitive nature of the economy. However, an explicitly specified deity, working through "moral force" is directing the economy toward an increasingly just state of affairs leading, eventually, to God's kingdom. Divine law rules.

In the mature period, overt references to a divine arbiter gradually disappear in his professional scholarship, though Clark continued to publish in religious periodicals wherein such references are continued. The emphasis came to be placed on "natural law" based on the marginal product and the forces of competition. However, this natural law is in reality the working out of God's plan. God is in nature, revealing His plan through the workings of a capitalist society. The concern for a divinely ordered, moral, just system of distribution first enunciated in his early period remains, but now capitalism itself becomes the "New Jerusalem," the culmination of God's evolutionary intent. It would certainly seem, given Clark's continued publications in religious periodicals and overt statements to this effect, that he himself saw no fundamental conflict between his natural-law theory and modern (progressive) religious doctrine.

While Clark strove mightily to differentiate his theory from that of his pre-scientific *Philosophy* period, he maintained the same general ideological program of that time. The terms of discourse are different, but the substance remains the same.

5 Wicksteed: Economist and Prophet

Ian Steedman

> Wicksteed was all of one stuff; his religion and his economics were nourished at the same root.—C. H. Herford

Philip Henry Wicksteed (1844–1927) was the son of a Unitarian minister and himself a Unitarian minister from 1867 until 1897; his very name, Philip Henry, was that of a seventeenth-century Puritan divine who suffered for his faith (Herford, 1931, p. 1). Since, in the opinion of his biographer at least, Wicksteed never "swerved a step from [his] fidelity" to the Unitarian Church (p. 24) and since Wicksteed's study of Jevonian economics probably began in late 1882, some 45 years before his death, it may be of some interest to inquire how his religious and economic ideas related to one another.

Whatever that relation might prove to be, it will naturally have been formed within the wider context of Wicksteed's social and intellectual background. It would be out of the question to provide that background here but a few hints might nevertheless prove useful in the interpretation of what is to follow. In his book on *The Unitarians,* published the year after Wicksteed's death, Henry Gow, (1928, pp. 38–39, 117) noted the general stress on reason and on morality in Unitarian thought and emphasized the role of conscience and reason in its modern manifestations. He observed, too, that "Unitarians are often described as cold and rationalistic, but this charge is exaggerated" (p. 157). These remarks fit Wicksteed well, as do Gow's claims that Unitarians have been great supporters of civil and religious liberty (p. 57) and that, like Quakers, they are noted for their public service (p. 155). It need hardly be added that, in the late Victorian and Edwardian periods, religious concern for social affairs was by no means confined to the "left wing" of English Christianity (if it may be so put). Preston (1983, p. 21) has remarked, for example, that Stewart Headlam, the founder of the Guild of St. Matthew, "was also a child of his time in regarding the kingdom of God as something we are to work towards building on earth, an idea common among liberal Protestants which also influenced Catholic-minded Anglicans." A few pages later Preston observed that "the Victorian era was on the whole a confident one, and the Christian socialists tended to share in the widespread belief in the perfectibility of man and thus not to counterbalance the utopian strains in socialist thought" (p. 30). Whatever the general merit of this observation, it would not be true to say of Wicksteed that he preferred no such counterbalance, for his general sympathy for Socialist ideas (as understood at the time in Britain) was a measured and thoughtful sympathy, his resistance to utopianism being clearly influenced by his sharp awareness of marginal opportunity costs and such matters.

The fact remains that Wicksteed was not hostile to "Socialist" thought and activity. As Inglis (1964, p. 230) has said, Unitarianism "had become a "halfway house" between orthodox Christianity and agnosticism. Wicksteed was by no means the only Unitarian minister who felt free to give active support to the Labour Churches without putting in question his loyalty to Unitarianism." (It could also be a "halfway house" from Judaism, as in the case, perhaps, of Ricardo.) If Wicksteed was not the only such minister, this should not be taken to mean that he was, with respect to the Labour Church movement, merely one of many; his role was far more central than that. The matter cannot be pursued here (see Herford, 1931, pp. 215–229; Steedman, 1992, pp. 38–41). But we should at least note that John Trevor, founder of the Labour Church, has written of the period of his study at Manchester New College—the Unitarian college at which Wicksteed studied and often taught—and of his work with Wicksteed at Little Portland Street chapel (just off London's Regent Street) as follows:

> ...my eyes were being opened to the necessary relation between Politics and Religion. In this I was undoubtedly helped beyond my knowledge by such intercourse as I enjoyed with Mr. Wicksteed...in himself he embodied a very deep and strong religious life and insight, together with the grip of a specialist on economic problems.... I cannot say how deeply indebted I am to this man who, since first we met, has remained my constant friend and helper.... from the first, he understood what I meant by the Labour Church (Trevor, 1897, p. 219).

Wicksteed did not involve himself directly in political activities—unless his activities for the Land Reform movement around 1882–1884 are so described—but he did engage in related social reform movements. "Philip Henry Wicksteed was one of the founders of the Unitarian and Free Christian Union for Social Service, out of which ultimately sprang the Conference on Politics, Economics and Citizenship, usually called Copec"; he was also the first president of The National Conference Union for Social Service, 1906 (Holt, 1938, pp. 27–28, 212). The importance of Copec, in which William Temple was to play a major role, will not need to be emphasized (see Iremonger, 1948, Ch. XXI, "Copec—The Coal Stoppage") and the references to "Social Service" may, of course, call to mind the whole conception of "Socialism as Service," which was important to many turn-of-the-century, middle-class intellectuals. Wicksteed's interest was not only practical, of course; he was also, for example, a member of the Society for the Study of Social Ethics (later the Social Science Club), the main concern of which was the scientific basis for social reform. The society/club was Oxford-based, which reminds us of Preston's reference, quoted above, to "Catholic-minded Anglicans" concerned with building the kingdom of God on earth.

> While it is true that Wicksteed conceived of economics as inseparably linked to ethics, politics, and sociology and subject to the same principle, that of differential satisfaction, the general movement in this period was definitely in the opposite direction, that is, to sever the connection between economics and other disciplines" (Frankel, 1979, p. 220).

Insofar as this is true, why was Wicksteed able so to swim against the tide that Robbins (1930, p. 258) could quite properly write that "there are few [economists] who have done more to bring economics as a science into relation with life as a whole"? Wicksteed's catholic interests are presumably relevant; aside from those already hinted at, he studied Comte's sociology, was a student of Aristotle, of Aquinas, and of Dante, and he worked tirelessly for 31 years as a university extension lecturer on Greek drama, Dante, Wordsworth, and Ibsen. To point to Wicksteed's catholicity of interests, studies, and activities is not yet, of course, to show *how* he managed to synthesize them all—or even *that* he did so. His biographer devotes some 14 pages to a discussion entitled "Inner Synthesis," in which some emphasis is laid upon Wicksteed's critical sympathy for the work of Comte. (It may be recalled that Wicksteed placed a quotation from Comte on the very title page of *The Common Sense of Political Economy,* 1910.) For in Herford's view, the writings of Comte appeared to offer "a synthesis in which religion and science, St. Francis and sociology, both had their legitimate scope and their defined place" (1931, p. 183). As will be seen below, Wicksteed sought consistently to hold the material and the spiritual simultaneously in play. "He would not have drawn the contrast between the city of man and the city of God with St. Augustine's scorn" (Herford, 1931, p. 182). Wicksteed, as Herford (pp.

62–63) sees him, was much more a prophet than a priest, his 31-year ministry notwithstanding, and it was his "sense of the intimate dependence of the highest developments of the human spirit upon the complex social basis" for which he owed much to Comte (p. 191). However that may be, one might certainly regard Wicksteed's sensitivity to the relation of the spiritual to the material—whatever the source of that sensitivity—as central to his ability to bring together such varied aspects of life. In Herford's judgment, "Dante, Ibsen, and Wordsworth became for him...not only great poets but the centres and sources of a veritable religion of humanity" (p. 194). If we bear in mind throughout the interrelatedness of the spiritual and the material, the idea of "the kingdom of God on earth" and that of a "religion of humanity," this may help us to understand the detailed interconnections between Wicksteed's religious and economic thinking.

1. Sermons and Religious and Ethical Writings

Since our theme is that Wicksteed's religious and economic ideas were intimately interrelated, it would be inconsistent to find a neat and simple division within these ideas which conveniently facilitated our exposition. For better or for worse, then, we shall—somewhat arbitrarily—consider first some of Wicksteed's sermons, addresses and noneconomic writings in which economic issues emerge and then turn, in a subsequent section, to some of his more overtly economic writings—the *Alphabet* of 1888, the *Co-ordination of the Laws of Distribution* of 1894, the *Common Sense of Political Economy* of 1910, and the "Scope and Method" paper of 1914.

It appears, from a letter which Wicksteed wrote to the Unitarian newspaper *The Inquirer* of 23 June 1883, that he first came into contact with Jevonian economics towards the end of 1882 (Steedman, 1992, p. 5). We shall not consider any of Wicksteed's writings from before that date other than to note that he had reviewed Comte's *System of Positive Polity* in *The Inquirer* of 22 May 1875. One of Wicksteed's criticisms of Comte is that he is surely quite wrong to reject *observation interieure* since "no philosophy, or even science worthy of the name, would be in the least degree possible if the mind were really unable to observe its own processes" (1875, p. 328). Indeed, "[s]elf observation...is the supreme fact of human nature" (p. 329), Wicksteed claims. Towards the end of his review, Wicksteed foreshadows his own approach when he argues that scientists have to have a feeling of social responsibility if science is not to become objectless and undisciplined (p. 329).

The following discussion is divided into four periods—before 1888, 1888 to 1890, 1891 to 1895, and 1908 to 1913—since this may help the economist to relate Wicksteed's "non-economic" writings to his three books of economic theory, published in 1888, 1894, and 1910.

1.1 Before 1888

In a volume of *Modern Sermons* (1883-87), Part 2, the fourteenth sermon is Wicksteed's "The Kingdom of God." Asking whether we have a positive conception of what this term means, Wicksteed insists that the Hebrew Prophets did. "I am speaking, as the prophets and as Jesus spoke, of the kingdom of God on earth, not in heaven; of our ideal for this life and this world, not for the next," Wicksteed writes (p. 147), and he reiterates that Jesus taught us "to seek for the kingdom of God now and here" (p. 149). Strikingly, Wicksteed refers on the intervening page to an un-named "recent writer," who is clearly John Carruthers, friend of William Morris who published in both 1883 and 1884 on the idea of a radical form of market socialism (p. 148; see Steedman, 1994). At about the same time, Wicksteed delivered three sermons at Little Portland Street chapel, on 11, 18, and 25 October 1885, which were published as *Our Prayers and Our Politics* (1885). In the first, he suggested that the "commercial instinct ...may be a priceless blessing or an incalculable curse to the world, which gives scope to some of the largest and the most stable of human virtues, and tempts to some of the basest vices" (1885, p. 3). He urges that politics—the politics of the prayer book, not those of faction, ambition and aggressive nationality—should be seen "as a branch of ethics and religion" (pp. 4-5) and expresses concern at the ease with which ideals can be separated off from "practical" life (p. 6).

In his second sermon, having noted that "an era of socialistic legislation is upon us" (p. 8), Wicksteed observes that injustice is often seen as a purely *individual* matter, social evils being regarded in similar manner to earthquakes (p. 9). Yet our sense of community denies that starvation, for example, can be just (p. 11). With rather more edge, he goes on to observe of claims that legislation at best will improve only material well being, which is of little worth, that such claims come rather strangely from the lips of the comfortably off (p. 12). While it is little for "us" to have more, it is a great thing for others to have as much (p. 14). Wicksteed concludes by suggesting that the desire for greater equality and the related sense of brotherhood and love are more important than the simple fact of greater equality (p. 15). The third sermon, on "Foreign Politics," is of great interest for Wicksteed's views on justice, equality, and colonial relations but here we can only note that, in denouncing (as he frequently did) the opium trade, he asks explicitly whether people would support such activity on the grounds that it would help to revive trade and industry (p. 23).

Further Little Portland Street sermons, preached in November and December 1885 (?), were published as *Is Christianity Practical* (1885?). In the first, Wicksteed asks whether "treating each other as sons of God" is a practical principle (1885?, p. 5). It seems that he cannot take it for granted that such a question will be welcomed, for he says that "there is only one thing which the ordinary Christian resents more than an attempt to introduce business or politics into the pulpit—and that is, the attempt to introduce the pulpit into politics or business" (p. 6). Not surprisingly, perhaps, he notes that business principles "are not mere applications of the principle of brotherly love" (p. 6). The third sermon is entitled "Christianity and Trade" and opens with the observation that current business principles are not deduced from Christian principles; at best they do not conflict with them (p. 18). In considering whether a thriving industrial enterprise society could be based on Christian principles, Wicksteed observes that the philosopher, preacher or moralist is easily routed by the claim that "he really does not know what he is talking about and is in complete ignorance of the practical exigencies of the position which he judges" (p. 19); he does not at this point suggest that the relevant knowledge be acquired but his own subsequent development may perhaps be seen, in part, as a response to this observation. The economic system, Wicksteed insists, "is a *social* phenomenon," a system of interdependence, and he resorts to one of his favorite illustrations in this connection: St Paul's teaching in I Corinthians 12: 4–27 concerning differing gifts and mutual service (pp. 20-21). But this leads to another recurrent theme of Wicksteed's thought, namely that mutual service is not always for the good. Through the division of labor we meet each other's wants, both good and bad. For the purposes of trade, any want backed by both willingness and ability to exchange is treated as legitimate. "To trade as such it makes no matter what the wants may be" and any vicious want is still a want (p. 23). According to Wicksteed, however, a Christian principle would be that "he only who is supplying a want which he can recognise as belonging to children of God is filling a place in the commonwealth of Christian industry" (p. 23). Wicksteed further objects to commercial ethics in that while they may condemn striking a "good bargain" with someone in a specific and temporarily weak position, they do not always condemn a permanently hard bargain against the weak: for example, women and children as match-box makers (p. 25). Sermon IV concerns politics and Wicksteed begins by stating that while reform of people is more central than reform of laws and institutions, the latter is still significant (p. 26). "The true method of social reform, then, is from within outwards—a hard lesson, but one that must needs be learned," yet it does not follow "that Christianity has no concern with politics" (p. 27). "That man is the child of God" (p. 28) is the touchstone for all of Wicksteed's arguments throughout these sermons —and perhaps more widely. This sermon closes with the interesting remark that "[t]he truth seems to be that the application of Christian principles to politics is in reality a far simpler matter than its application to trade" (p. 32).

1.2 1888 to 1890

The one-hundred-and-second Session of Manchester New College was opened, in the autumn of 1888, by Wicksteed's Address on "The Place of Sociology in the Circle of Theological Studies." Only a few of its elements may be noted here, touching on, in Wicksteed's words, "the establishment of that kingdom [of God] on earth" (1883b, p. 3). Emphasizing the interrelatedness of any modern social system, Wicksteed insists that morality is not only concerned with face-to-face relations; one may be *allowing* some social wrong even if not perpetrating it (p. 5). Indeed the alienation of our powers, "with its weird power of taking a man's deeds away from him," can mean that all bear some responsibility for "a wrong against which each is powerless to fight, nay, from which he is powerless even to withdraw" (pp. 5–6). Nevertheless, it is "only in society that man is human..."society" [is] at once the cross and the throne on which humanity is martyred and glorified" (p. 6). Wicksteed then alludes to Jesus' "guiding and controlling thought of the kingdom of God on earth" and regrets "the fatal distinction and breach between the Church and the World, which is the very negation of the central teaching and principle of Jesus" (p. 9). In Wicksteed's view, "the radical vice of medieval religion [lay] in its contempt of all material things" (p. 11); in the "ages of faith...the kingdom of God *on earth* had dropped out of their belief," whereas we now believe, like the Hebrew prophets, in *both* God *and* the World (13).

Even if the God of love rules in our hearts and minds, Wicksteed asks, "Does he likewise rule in the market-place, the factory, and the council chamber?" and are competition, greed, and selfishness essential to human progress? (p. 16) It is to be hoped not, since "The merely gain-seeking man is a monster, the contemplation of whom is a degradation" (p. 17). More seriously, perhaps, "[t]he ultimate purposes of human life are immaterial, and not material. All physical wealth is a means, and not an end....it is only by religion that this lesson can be taught" (p. 18). (Nevertheless, this theme reappeared forcefully in *The Common Sense* (1910), where Wicksteed sought to teach it without overt reference to religion.) Wicksteed drew his 1888 Address to a close by asserting that if we do not know man's good "because we have no religion, the 'science of wealth' is an aimless futility, and industry is a blind and dumb instinct" (p. 20).

Between May and September of 1888 Wicksteed had contributed 12 articles to *The Inquirer*, which were republished with the Wordsworthian title *Getting and Spending. Papers on the Meaning and Uses of Money* (1888a). To think that money and business are quite divorced from religion is, Wicksteed declares, "to despair of the kingdom of God on earth" (p. 1). Money can be despised when it becomes the master, the goal (p. 4) but one must have command over material resources in order to be able to do *anything*; in this general sense of "money," then, it is an essential means, neither to be despised nor to be worshipped (pp. 6–7). It is easy to speak of having enough to live, enough to live decently, enough to live with beauty, ...but can we draw any line short of money's becoming an end? There is no line, Wicksteed replies, for it is a matter of degree; we are body *and* soul and it is all a question of balancing means and varied ends (pp. 7–8). We are all constantly using up things which have been made—but are we also making something for others? The answer is most obviously "yes" in the case of primary and secondary producers, but transport and distribution workers, engineers, inventors, and directors may also be able to answer positively. However, "[t]o the director of labour the temptations to shamwork are far more subtle, varied, and intricate; and he may yield much without clearly knowing that he is yielding at all" (pp. 11–13). Wicksteed then takes up his question whether every-thing that is *wanted* is truly *useful* and makes a complaint against economists:

> It is an old trick of the Economists to take a word which has an ethical meaning, to empty it of all moral signification by express definition, and then consciously or unconsciously suffer it to carry its moral sanctions and associations with it into all kinds of unmoral or immoral applications... Thus, to the Economist, everything is 'useful' that men want; for they are themselves the only judges of what the uses of their lives may be.

Hence gin, fire-water, obscene books and opium are "useful" (p. 14). According to Wicksteed, however, it is wrong to minister to a want that *ought not* to exist: "It is not enough to make what *is* money [i.e., command over resources]. We must make what *ought* to be money also" (p. 15). Wicksteed notes that there is no clear borderline and that dangers of intolerance and fanaticism lurk nearby (pp. 15–16).

Returning to the question "Who produces?" Wicksteed notes that teachers, artists, performers, and many domestic servants *get* money without making any material wealth (p. 18). But while the "makers" provide the *means* of life, those who render services "in many cases administer directly...to life itself"—and thus their moral responsibility is much heavier (p. 21). Wicksteed then suggests that he can "calculate only on the sympathy of the ignorant and the inexperienced" for his next proposal. "And now what is this revolutionary principle that I wish to advocate? Simply this—that it is not in itself honourable or laudable for a man to strive to get money when he has made none, when he has done no man a service" (p. 23). In fact, "*mutual* benefit is the sole legitimate goal of commerce" (p. 26).

The feeling that we have a right to do as we please when spending money is perhaps natural enough, but "however well it may fall in with the tendency of certain schools of thought in politics, economics and morals, I cannot help regarding it," Wicksteed writes, "as not only a great but a most pernicious and disastrous error, and one against which moral and religious men should protest by word and deed, in season and out of season, till no man dares to maintain it any more" (p. 27). Our patterns of spending speak eloquently of our ideals (p. 28) and "[t]he creed that is read not in a man's prayer-book, but in his account-book, is a living and moving profession of faith" (p. 31). Wicksteed relates this to "the root idea of the new Political Economy," the idea, that is, that "the law of decreasing urgency" applies to everything; objects, self-respect, and morals all exhibit diminishing marginal utility (pp. 28–29). There is certainly no sharp distinction between Wicksteed the preacher and Wicksteed the economist in 1888. The final sermon in the *Getting and Spending* series suggests that the man with a comfortable income who nevertheless lives simply and works dutifully "testifies...in his life to his belief in the gospel," while the man who does nothing, who reaps without sowing, "proclaims war as the law of life, bids the flesh triumph over the spirit" (p. 32). Wicksteed concludes by urging that, since by not buying something we reduce its status as wealth, we should refrain from buying it if it is something which ought not to be wanted (p. 33). This appears to include "fashion" goods, since they work against the great need for industrial stability (p. 34). Thus buyers have a responsibility to purchase in a serious manner (p. 35).

In February and May 1890 Wicksteed delivered sermons on "Casuistry" and "Questions of Degree" respectively. In the former, Wicksteed asks at which point must I stop enjoying myself, or securing things for my children, if I am to love my poorer neighbor? He argues that, "startling as it may seem, and unwilling as we are to admit it—moral questions are questions of degree." The "lower" motive has a claim against the "higher" one "if it be not pushed too far. All legitimate motives of action are, therefore, in a sense commensurable. You can not say absolutely even that pleasure must give way to kindly feelings of humanity! It is a question of degree." Wicksteed certainly did not maintain, however, that different motives may be "measured." Rather, "[i]f we are in a morally healthy state we can feel their relative weights when they are actually upon the balance of our minds with all their attendant circumstances and conditions; but we can not imagine them or define them accurately." In the "Questions of Degree" sermon, Wicksteed begins by rejecting what he calls the "everything or nothing" principle of Ibsen's *Brand*. He goes so far, indeed, as to say that to ask whether the body or the soul is the more important is to become entangled—"It is a question of degree; and we cannot admit the 'all or nothing' of absolute preferences." Is it wrong to steal if I am hungry? If I am starving?—"the intensity of my want is an element in the problem. An action that would be immoral if I were only hungry becomes moral if I am dying of hunger." If pleasure is good for others, then it is good for me also and thus it has some weight against the demands of self-sacrifice.

More generally, the command over our lives of higher motives must not become their tyranny; "all or nothing" is radically false, Wicksteed insists.

1.3 1891 to 1895

The Inquirer of 25 April 1891 carried Wicksteed's conference address on "The Church and Social Questions." While the kingdom of God on earth was now receiving greater relative attention, concern with politics and institutional forms does lead to certain problems, Wicksteed wrote. "If there is no descent of the holy spirit there can be no Kingdom of God, in spite of the most perfect and ideal social machinery." Yet it remains true that Christians should change institutions to conform with Christian principles when that is possible. Through the division of labor there is interdependence and indirect responsibility for certain evils; it follows that theology and philosophy are not enough for contemporary ministers, for they must grapple with the intellectual problems of social life (as Wicksteed himself so notably did). Insofar as the "social movements" assert that we are all children of God, they are good, without qualification—but it is the "life of knowing and loving, which is itself a goal" and without that true life "all social amelioration will be but dust and ashes in our mouths." This theme then reappears in Wicksteed's "The Battle with Materialism" (*The Inquirer*, 31 October 1891), when he suggests, "The most urgent of all the tasks to which religion is called to-day is the task of purifying and exalting the great labour movement," since there is the danger that it will seek only material gains. (Wicksteed is not opposing all demands for material gains, of course.)

We cannot here take up the more strictly theological themes of Wicksteed's 8 June 1892 sermon to the annual meeting of the British and Foreign Unitarian Association, "The Significance of Unitarianism as a Theology." Yet we learn something of Wicksteed's own cast of mind when we read that "the word Unitarian has come to cover a very wide area, and to stand rather for a loosely defined set of principles and methods and an attitude of mind in approaching religious problems than for adhesion to a dogma of theology" (p. 4). The same may well be true of Wicksteed's claims that the "love of God must not be an easy-going theistic optimism which ignores half the facts of life "and that we must recognize fully the evils of the world which God has created and has asked us to overcome (p. 11). In that overcoming of evil it must not be forgotten that "social reform without personal consecration is as the apples of Sodom, while the attempt to work out our own salvation without uplifting the life of men, and striving visibly to found the kingdom of God on earth, is a thought as vain as it is selfish and unworthy" (p. 15).

Not surprisingly, it is the "social" side of the coin which is more obvious in Wicksteed's 1894 essay on "The Advent of the People," in which he boldly declares, "We, of the New Democracy, do not believe that the misery, the degradation, or the exclusion of the many is the price that must be paid for the happiness or the exaltation of the few" (p. 337). Wicksteed goes on to present a "diminishing marginal utility of income" argument for greater income equality. It is not too easy to know how to take this argument, presented here in a "popular" writing, since six years earlier, in *The Alphabet* of 1888, Wicksteed had already stated that "we have no common measure by which we can compare the...desires of one man with those of another" (1888c, p. 86). (Perhaps the answer is to be found in the fact that, even in *The Alphabet* (pp. 86–87), Wicksteed goes on to say that "if we take into account the principle of averages" some case can be made for a more equal distribution.) He then urges the typically Wicksteedian argument that the most important things and the most necessary things may not be the same—it is spiritual things that matter but material things are no less necessary for that. "Without [food, shelter and clothing] we can neither think nor feel, we can neither hope, nor love, nor pray"—did not Gautama need rice and Jesus the food provided by women of Galilee? (pp. 346–347). Tantalizingly, Wicksteed raises the question of whether the Labour movement "is indeed the greatest religious movement that the world has ever seen" (p. 348) and then declines to answer it (p. 349). After some political discussion, he closes by referring to "the possibilities of a truly human life for our people, the hopes of the coming of God's kingdom on earth" (p. 353).

Democracy and equality again feature prominently in Wicksteed's sermon "Blessed Are the Meek" of the following year (September 1895). It is said here that modern democracy may be seen as a form of the old mystic idea that the lowly shall possess the earth (1895, pp. 209–210). God made the earth, which labor cannot extend and all should have equal rights in land (pp. 210–11; we recall the early influence on Wicksteed of Henry George and Wicksteed's measured support for land nationalization). To believe that great inequality is necessary is "practical atheism," Wicksteed declares, for it denies the brotherhood of men and the Fatherhood of God (p. 215). Later it is asserted that all economic problems arise from violations of the Sermon on the Mount and the bold claim is made that "Jesus the supreme prophet is the supreme economist as well."

1.4 1908 to 1913

On 11 November 1908 Wicksteed addressed the National Conference Union for Social Service on "The Social Ideals and Economic Doctrines of Socialism." He declared: "I am sometimes supposed to be a Socialist by my friends who are not Socialists, and am generally not considered one by my friends who are. Perhaps the reason is to be found in the emphatic distinction which I draw in my own mind between the Social Ideals and the Economic Doctrines of Socialism" (1908, p. 1). Socialists are wrong to suppose that a critic of their doctrines *must* be hostile to their ideals (p. 2). The Social Ideal is set out by Wicksteed as "a belief that society ought to be organised in the interests of the unprivileged" (p. 3). Wicksteed states that the gifted should work for the benefit of the rank and file (p. 3), and provides a clear statement of what is now known as Rawls's "Difference Principle" (p. 4). A major intellectual failure among socialists, in Wicksteed's judgment, is that, because the present organization of industry exhibits terrible failures, they jump to the conclusion that it should be completely rejected. But it also has enormous successes to its credit; "the present system performs miracles" of spontaneous matching of ability and desire, and we cannot dispense with the great force of market pressures (pp. 9–13). There is thus an urgent need to study and understand the existing order before condemning it as sheer waste (pp. 10–11). Wicksteed suggests, too, that at least some hostility to competition can be seen as a desire for privilege (p. 10). After acknowledging that it is acceptable to have community planning and state-organized experiments, provided that competing private provision is not prohibited (pp. 14–15), Wicksteed notes that *any* organization of industry meets wants and asks, as we may expect—What if the wants are wrong or ignoble (p. 16)?

The respective roles of market and state activity resurface in Wicksteed's letter to *The Inquirer* of 30 July 1910. The passing of laws against poor housing, low wages, and so on, he argues, is merely evasive unless superior alternatives are provided. In the absence of such provision, the legislation may actually harm the poor by rendering them homeless, wageless, and so forth. "Yet in all these cases to prevent a bargain which both the parties desire to make, while finding no substitute, is on the face of it an act of tyranny." Wicksteed, the prophet of a messianic labor movement, had no need to wait for the economic-policy arguments of, say, a Milton Friedman or a Thomas Sowell.

The same train of thought is to be found in Wicksteed's "The Distinction Between Earnings and Income, and Between a Minimum Wage and a Decent Maintenance: A Challenge," delivered to the 1913 Inter-Denominational Summer School, at Swanwick in Derbyshire. Since the upper limit to any wage rate is what a man's services are worth to another, Wicksteed argues, to legislate a minimum wage may be to legislate that he receives no wage (1913, pp. 77–78). The economic category "wage" simply cannot deal with all social considerations, and "if we collectively...declare that every man has a right to a decent maintenance...it is ourselves collectively against whom that right is to be asserted" (p. 78); in other words, there should be taxes and social benefits, not minimum wage legislation. Wicksteed proceeds to expound marginal productivity theory to his interdenominational audience (pp. 79–83), before returning to the point that pensions, state insurance, free education, free school meals, and so on break the link between wage and standard of living, and hence that, "[w]hen the employer has paid the economic wage he has done his part. It remains for the citizen to do his" (pp. 85–86).

Before turning to Wicksteed's more overtly "economic" writings, we dwell briefly on some of the "teachings of Wicksteed" presented in *Eminent Unitarian Teachers, 19,* issued by the Lindsey Press after Wicksteed's death. This beautiful little pamphlet does not, unfortunately, give sources for any of the 12 teachings, from which the following are drawn.

1. "The religion of the priests has always had too much of prohibition in it, and the religion of the prophets has always been a Gospel—the announcement of glad tidings of great joy, of glorious possibilities and glorious realities."
2. "If we are forced to admit that in some mysterious sense it is the will of God that evil should be, we proclaim with deepest conviction that it is also his will that evil should cease to be, and cease to be through our own effort."
3. "The physical and spiritual natures of man are mutually interdependent; and the attempt to secure real and permanent advance in material well-being without reference to the spiritual nature is as vain and futile as the attempt to build up the spiritual and intellectual life of man in ignorance and defiance of the laws of his physical being."

2. Explicitly Economic Writings

The foregoing should suffice to show that Wicksteed's "noneconomic" sermons, addresses, and writings are shot through with both an awareness of economic issues and, more deeply, a readiness to adopt what would often be seen as a "marginalist economics" way of analyzing things. Wicksteed himself, of course, would have accepted no such sharp distinction between an "economic" and an "extra-economic" way of seeing things. We need not expect any exact symmetry, however, or be surprised if Wicksteed's overtly economic writings are not constantly referring to explicitly theological, ethical or religious matters. As a matter of fact, those writings do contain more references to religious tracts, Bibles, pew-rents and subscriptions to missionary activity than does the average economics text—but this is a trivial fact, for Wicksteed could equally well have used other concrete examples of commodities (and usually did so). A little more significant may be Wicksteed's references to the preacher as a paid provider of services, and it is worth remembering that, as a Unitarian minister, Wicksteed was the employee of "his" congregation (quite unlike, say, an Anglican or a Roman Catholic priest). Far more important here, however, is the fact that the explicitly economic writings continue to be informed by an intense awareness of ethical concerns and of the interrelatedness of all aspects of human life. Given the strongly "rational" and here-and-now cast of Wicksteed's religious beliefs and theological presuppositions, and given too his clear emphasis that all the ultimately important things lie outside the circle of exchange (see below), why should one expect Wicksteed's explicitly economic writings to exhibit any greater influence from those beliefs and presuppositions than they do?

2.1 The Alphabet and The Co-ordination

Most of our attention will have to be directed to Wicksteed's *Common Sense of Political Economy* (1910) and the later "Scope and Method of Political Economy in the Light of the 'Marginal' Theory of Value and Distribution" (1914), but we may also consider, more briefly, the earlier *Alphabet of Economic Science. Elements of the Theory of Value or Worth* (1888) and *The Co-ordination of the Laws of Distribution* (1894).

On page 77 of *The Alphabet* (which carries the delightful heading "Billiards and Tripe"), Wicksteed notes that the function of money to "reduce all kinds of services and commodities to an objective scale of equivalence" both "constitutes its value in commercial affairs, and at the same time explains the instinctive dislike of money dealings with friends which many men experience." Exact balancing and calculation fit ill with "active goodwill" and "mutual gratuitousness of services," Wicksteed points out, and this "explains the dislike of money and money dealings which characterizes such saints as St. Francis of Assisi. Money is the incarnate negation" of their principle of mutual service (1888c, p. 78). [Monks in some traditions are forbidden to handle money. Herford, commenting on the passage just cited, writes: "St. Francis might indeed be said to have thrown down a challenge to the unborn science of political economy when he took the 'Lady Poverty' for his mystic bride" (1931, p. 183)]. It should not be inferred, however, that in this early work Wicksteed was prepared to draw sharp economic-noneconomic distinctions. Quite the contrary, on the last pages of his text he proposes the following thesis: "And so too the 'sense of duty,' 'love,' 'integrity,' and other spiritual motives all inspire desires which may be greater or less than others, but are certainly commensurate with them" (pp. 137–138). Far from considering this to be a cynical or discouraging idea, Wicksteed writes:

> This thought, when pursued to its consequences, so far from degrading life, will help us to clear our minds of a great deal of cant, and to substitute true sentiment for empty sentimentality.... Rightly looked upon, this sense of the unity and continuity of life, by heightening our feelings of responsibility in dealing with material things, and showing that they are subjectively commensurable with immaterial things, will not lower our estimate of affection, but will increase our respect for potatoes and for the now no longer 'dismal' science that teaches us to understand them in their social, and therefore human and spiritual, significance (p. 138).

It will probably not be surprising that Wicksteed's rather formal work *The Co-ordination* (1894) contains little of direct relevance to our theme. Yet even here we may note that Wicksteed lectured frequently in the period 1889–1894 on distribution theory, and did not neglect its ethical implications. According to the brochure for his October-December 1893 University Extension lectures "The Theory of Sharing (Distribution)," for example, "Amongst the most hotly debated questions of abstract social ethics are those that concern the morals of living upon rent, interest, or other alleged 'tribute'" and it is stated that "the bearing of our investigations upon social ethics and the social outlook" will be indicated. (See Steedman 1992, pp. 8–10, for further evidence of Wicksteed's interests in this period.) Even within *The Co-ordination* itself there is a striking flash of Wicksteed's wider awareness in Section 7(e), where he writes:

> From the social point of view it is impossible not to notice the significance of the fact that the return per unit to any factor is... lowered by the freedom with which it gives *itself*....it acquires a pathetic significance to reflect that to give self more freely is to give a larger share of the product to others, and retain a smaller share for self (1992, p. 101).

2.2 The Common Sense of Political Economy and "Scope and Method"

Wicksteed's *magnum opus* is subtitled "Including a Study of the Human Basis of Economic Law" and its title page carries a quotation from Comte which reads, in part, *L'analyse économique proprement dite ne me semble pas devoir finalement être conçue ni cultivée..à part de l'ensemble de l'analyse sociologique...* (Wicksteed, [1910] 1933, p. xxvii). Thus the thoughtful reader need go no further than Wicksteed's title page in order to learn that, for Wicksteed—the "purist of marginal theory," as Sraffa called him—marginalist economics is most certainly not "asocial," and most certainly is about humans and not about abstract "economic agents." It will then be no surprise to find that Wicksteed is insistent throughout the work that "the laws which they [economics and the economic life] exhibit and obey are not peculiar to themselves, but are the laws of life in its widest extent" ([1910] 1933, p. 160; see also p. 3). Wicksteed has no time for any concept of the "economic man," resolutely insists that there are no separable "economic motives," and maintains his view that duty, ethics, and the like are not to be treated independently of more mundane matters. As Hutchison (1953, p. 99) has noted, Wicksteed's refusal of the absolute may be seen as a refinement of Aristotle's doctrine of virtue as a mean; and indeed Wicksteed explicitly refers to that doctrine in this vein in his "Scope and Method" paper ([1914] 1933, p. 776; *cf.* p. 111).

In turning to consider these matters in more detail we may begin with Wicksteed's insistence that economic issues are inseparable from other aspects of life. That the laws of economics are the laws of life (see above) is a persistent theme of Wicksteed's. Shortly before he began to write *The Common Sense,* Wicksteed reviewed Pareto's

Manuale di Economia Politica and in so doing referred to "the impossibility of drawing a line between economic and non-economic phenomena" (1906, p. 816). This idea runs throughout Wicksteed's later work. Here it may suffice to quote at length his explicit reference to Aristotle, already referred to, and then to consider his refusal of any distinction between economic and noneconomic motives. Wicksteed writes ([1910] 1933):

> [t]he inner core of our life problems and the gratification of all our ultimate desires...obey the same all-permeating law. Virtue, wisdom, sagacity, prudence, success, imply different schemes of values, but they all submit to the law formulated by Aristotle with reference to virtue, and analysed by modern writers with reference to business, for they all consist in combining factors κατ'ὀρθον λογον, *in the right proportion,* as fixed by that distribution of resources which establishes the equilibrium of their differential significances in securing the object contemplated (p. 776).

For "if we really understand and accept the principle of differential significances we shall realise...that Aristotle's system of ethics and our reconstructed system of economics are twin applications of one identical principle or law" (p. 779). A proper understanding of this unity of the principles of decision, Wicksteed asserts, will "put an end to all attempts to find "laws" proper to our conduct in economic relations. There are none" (p. 780). It will, moreover,

> throw a constantly increasing emphasis upon the fact that our economic life is not and cannot be isolated, but is at every point combined with the direct expression of character and indulgence of taste, while the human relations into which it brings us are constantly waking in us a direct interest...in those purposes of others which we are directly furthering as an indirect means of furthering our own (p. 781).

This last passage should not be read as meaning that Wicksteed sees all motivation as "subtle" or "indirect" self-interest. As he says, "the economic relation is entered into at the prompting of the whole range of human purposes and impulses, and rests in no exclusive or specific way on an egoistic or self-regarding basis" (p. 169). For example, "It would be ridiculous to say that the enthusiasts who give the printer an order for ten thousand copies of their most effective tract are actuated by purely 'egoistic' motives" (p. 172). His point is rather that, if "motives" are to be considered at all in economic analysis, then *all* motives must be taken into account, whether they be selfish, nontuistic (p. 180), benevolent, altruistic, communal, material, spiritual, or any other. Although Wicksteed is clearly aware of a "no motives" (or revealed preference) approach to economic analysis (p. 165), in practice he nearly always adopts the "all motives" approach. It follows, then, that for him there is, as a matter of principle, no line separating economic activity from, say, spiritual concerns.

Wicksteed consistently maintains both that the ultimately important things are not material goods and services, and that these latter are necessary for the pursuit of the former. The second part of this proposition is illustrated, for example, as follows:

> Friendship cannot be had for money, but how often do the things that money commands enable us to form and develop our friendships? Domestic peace and happiness cannot be had for money, but Dickens's Dr. Marigold was of opinion that many a couple live peaceably and happily together in a house, who would make straight for the divorce court if they lived in a van.... In fact a man can be neither a saint, nor a lover, nor a poet, unless he has comparatively recently had something to eat....nothing that we really want can infallibly be secured by things that can be exchanged, but neither can it under any circumstances be enjoyed without them (pp. 153–154).

What do we really want? Wicksteed, probably wisely, does not say, although he gives as examples—in addition to those mentioned in our last quotation—freedom from weariness and hunger (p. 146), health (p. 146), the enjoyment of music (p. 402) and the chance to study (p. 403). More abstractly, for Wicksteed it is experiences or mental states that are ultimately desired (p. 152) and it follows that "there is no ultimate object of desire which itself enters into the circle of exchange and can be directly drawn thence" (p. 152). Any preference ordering over goods and services is thus a derived ordering, the ultimate ordering being over ultimately desired experiences. Once again it is easy to see how, for Wicksteed, the spiritual, the social, and the material are inextricably interrelated. (For further discussion see Steedman, 1989.)

To say that all aspects of life are connected and to insist that the same principles of decision apply to potatoes, politics, and prayer is not, of course, to say that everything is equally important, and it would be somewhat surprising if the economist who had been a Unitarian minister for 30 years were to suggest otherwise. We have already seen that Wicksteed had been willing, in his sermons of the 1880s, to introduce a distinction between "good and bad wants" into his discussion, and to make it clear that Christian ethics and principles were not to be divorced from "business." In "Scope and Method" ([1914] 1933, p. 783) he still insisted that "our economic investigations...derive their whole significance from their social and vital bearings....this ultimate significance is determined by ethical considerations [and] the sanity of men's desires matters more than the abundance of their means of accomplishing them." Four years earlier, in *The Common Sense* ([1910] 1933, pp. 123–124), the priority of ethics had been expressed yet more forcefully.

> The man who can make his fellows desire more worthily and wisely is doubtless performing a higher task than the one who enables them more amply to satisfy whatever desires they have. The prophet and the poet may regenerate the world without the economist, but the economist cannot regenerate it without them.... It is his misery that he cannot glorify the purposes to which he ministers, but it is his triumph that he can be glorified by them.

Within Wicksteed's scheme of mutual interdependence among all aspects of life there was yet the possibility that some aspects are of greater ultimate importance than others.

Yet is the ultimate priority of ethical concerns really compatible with the balancing of *everything* at the margin? It may well be true that, as Wicksteed writes, in examining social policy questions "we shall find abundant illustration of that interdependence of economic, social and moral questions which has been so often insisted upon in the body of this work" ([1910] 1933, pp. 627–628). Interdependence might be compatible, however, with certain elements of lexicographic priority of some considerations over others. We have seen that Wicksteed strongly resisted such an idea in some of his earlier writings. In a Manchester New College examination question of June 1899, he asked candidates to "[e]xamine the contention that duty is, or ought to be, an absolute determinant of conduct, not subject to competition from any other motive." In *The Common Sense*, with typical intellectual honesty, Wicksteed set himself the task of trying to explain how the behavior "of the martyr who has borne the rack [and] and is ready to be burnt to death sooner than depart a hair's breadth from the formula of his confession" ([1910] 1933, p. 404)—or, less dramatically, that of a man for whom there are "certain things which he would not do for any amount of money, however large" (p. 405)—can be explained in terms of the balancing of marginal significances. It has been argued elsewhere (Steedman, 1989, pp. 201-202) that Wicksteed's honesty in setting himself this question was not matched by his success in answering it. In the end, how could Wicksteed have maintained the priority of ethical concerns without admitting at least some element of lexical ordering?

3. Concluding Remarks

Although Wicksteed studied, taught, and wrote on many different themes, there was a remarkable unity in his vision of life, and indeed he explicitly and repeatedly rejected any idea of there being sharp boundaries between different aspects of life. For him there were only "laws of life" and no especial laws of economics. While it was certainly true for Wicksteed that all the ultimately important things lay outside the circle of exchange, it was no less certain that those things within the circle were necessary to support the pursuit of what really mattered. If for Wicksteed hearts were in the end more important than institutions, he still maintained the importance of the latter; even economic organization had a spiritual significance as the division of labor and mutual service gave expression to people's status as children of God (albeit subject to inequalities too great to reflect the Fatherhood of God and to the meeting of "bad" wants as well as good ones). That the whole of Wicksteed's "economic" thought was colored by his religious beliefs and theological presuppositions seems, in a general sense, to be clear. But then his "religious" thought was also colored by his approach to economic questions; how could these things have been otherwise in the thought of a man with so integrated a vision of life? In the context of such a vision, would it really be appropriate to seek the "influence" of religion and theology on economic analysis?

6 Frank Knight: Economics versus Religion

Ross B. Emmett

In their recent history of American sociology, Arthur Vidich and Stanford Lyman (1985, p. 281) argue that the central problems and concerns of American social science "emanate from the dilemmas and contradictions in the relationship between God, the state, and civil society." Called upon to explain, and justify, the ways of American society to those within it, *without reference to God's divine providence*, social scientists have been led to examine "the kind of folks people are" and "the kind of world it is" (Knight, *cit.* Dewey, 1987, p. 9), to judge what it means to live intelligently in a world of illness, inequality, death, and scarcity, and to recognize that intelligent social reform will never be wholly realized in this world. Although social scientists seldom understand themselves to be preaching, and would eschew the title of "theologian," their work encompasses the roles of both minister and theologian in a secular society.

Of course, few modern economists understand their work as social scientists in these terms. Most economists work from an understanding of economics which emphasizes the independence of the economics profession as a scientific community and the contribution that the technical expertise of the profession makes to public policy formation. Furthermore, in the contemporary economist's understanding, social choice is ultimately synonymous with public policy-making; that is, in the final analysis social choices are decisions made by public officials regarding the coordination of conflicting ideas about the best means to select for the accomplishment of some given objective. In the context of this understanding of economics and society, it is primarily the individual economist's participation in a scientific community, rather than the person's status as a citizen, which forms the basis of his or her participation in society's discussion about its problems. Hence, the economist's primary responsibility is to contribute to the growth of the scientific knowledge of the community. The individual economist's own social values may have some effect upon the choice of research topic, of course, but the nature of the inquiry conducted is disciplined by the rules and conventions of the scientific community.

This is not the place for an extended examination of the relation between the modern economist's understanding of the work of an economist as a social scientist and the claim of Vidich and Lyman regarding the fundamentally theological nature of American social inquiry (see Nelson, 1991). Instead, the purpose of this chapter is to show how the work of one economist who is central to the development of American economic thought in the twentieth century—Frank H. Knight—illustrates that claim. How might "the dilemmas and contradictions in the relationship between God, the state, and civil society" have shaped the understanding of the nature and significance of economics that Knight articulated?

1. Knight on Economics and Religion

We can begin by recognizing that Knight is a prime candidate for examination in a case study such as this. Not only did he write more on religion that most other modern economists—some mention of religion appears in many of his articles, but it is the focus of his attention in Knight, [1923a], [1923b], 1923c, [1925], 1963, 1982a, and 1982b; and Knight and Merriam 1979—but his lifelong preoccupation with, and frequent antagonism toward, religion in general and Christianity in particular has become one of the central elements in the "image" that his students at the University of Chicago and his interpreters have constructed for us. We have been told, for example, that Knight's unflagging scepticism can be attributed to "overexposure in early life to the hell-fire and brimstone of prairie evangelism" (Buchanan, 1968, p. 427), and that his decision to seek a career as a social scientist emerged, at least in part, from his rejection of conservative protestantism (Emmett, 1990, pp. 114–153; Dewey, 1990). Don Patinkin (1981, pp. 45–48) has told us that the unique contribution Knight made as a teacher lay in his digressions on the problems of the human condition, which were often laced with stories about the follies of religion. And some of the anecdotes about Knight's opposition to religion which circulated at the University of Chicago during his lifetime have been passed on to us (e.g., Patinkin, 1981, pp. 45–48; Stigler, 1987, 55). When we put these indications of Knight's interest in religion together with the frequent discussions of religion we find in his writings, we can appreciate Donald Dewey's remark that "[o]ne cannot discuss...Frank Knight without attention to his views on this cosmic subject" (Dewey, 1990, p. 2). There are not many other twentieth-century economists of whom the same could be said.

But there is another, and perhaps more important, reason why Knight should be considered in a study such as this one. As Dorothy Ross recently said in her history of the origins of American social science, Knight stood "at a fundamental turning point" in the history of American economic thought (Ross, 1991, p. 427). Behind him lay the history of a community of economists who understood their discipline to be a part of a larger social, historical, and even moral undertaking, and whose world was shaped by the reality of God's providential presence; before him lay the modern development of a community of economists who understood the discipline to be a positive science, independent of history and of social or moral concerns, and whose world was shaped by the reality of God's absence. Often individuals who write at fundamental turning points in intellectual history, and who are able to capture something of both the old and the new in their writing, continue to speak to the new tradition long after their theoretical insights have been assimilated, because they raise anomalous or problematic issues for the normal discourse of the new tradition. Knight is no exception: his importance to us lies in the way he held the concerns of the passing tradition of economics in tension with the insights promised by the new tradition. To put it in theological terms: Knight's work expresses the tension between the need to get on with the work of making sense of a world in which God is absent, while remaining acutely aware of what we have lost because God is no longer present. Despite his frequent inability to sustain the tension between the old way of seeing the world and the new, Knight's attempt to do so created an ambiguity in his work that increases his importance for us. As James Buchanan pointed out in a recent article on Knight's critique of competitive society, it is the ambiguity which results from Knight's attempt to hold these two different ways of understanding economics in tension that makes his work so fascinating to us (Buchanan, 1987, p. 74).

The question which needs to be addressed here, therefore, is whether Knight's lifelong preoccupation with the role of religion in the modern world is in any way connected with the methods or results of his economic analysis. Are Knight's perpetual musings on religion simply the product of his childhood experience of "prairie evangelism," his general philosophical bent, and his personal preferences, or are they essential in some fashion to his work as an economist?

In order to answer that question, we need to examine Knight's understanding of the nature and significance of both religion and economics in modern society. Religion, we see, has little place in the public realm of a modern society because it is perceived to be inimical to that free discussion of values which Knight believed is the essence of democracy. Economics, on the other hand, is inextricably bound up with the valuation process in a liberal society; in fact, Knight believes it has little relevance outside the context of a modern liberal democracy. Common to Knight's understanding of both religion and economics, therefore, is his belief that their functions in a modern liberal society are defined and circumscribed by their respective relations to the social discussion of values which lies at the heart of the liberal society. The identification of this common theme in Knight's treatment of religion and economics will enable a direct connection to be made between Knight's opposition to religion and his understanding of economics. The conclusion that will be reached can be stated clearly at the outset: Knight's opposition to any form of Christian social thought is directly related to his economics because his opposition is grounded in the belief that modern society, of which economics is an integral part, cannot be analyzed from a religious perspective. Ultimately, economics is not susceptible to theological reflection because modern social relations are not open to theological speculation.

At the same time, however, an analysis of Knight's understanding of the nature of economics will uncover a theme which must be held in tension with the conclusion just stated. That contrary theme—namely, the limited relevance of economics to the fundamental problems of social choice in a liberal democracy—counterbalances Knight's opposition to Christian social thought with his belief that the problems of a liberal society are ultimately ethical in nature and, as such, require a sense of critical judgment that lies beyond the purview of economics. In fact, addressing these problems at their root may require us to return to spirituality, for "religion *is* life, at its highest and best" (Knight, 1923a, p. 9, italics in original).

2. Knight's Opposition to Christian Social Thought

The basic structure of Knight's argument against Christian social thought is well known and has been described in several recent articles (Kern, 1988; Raines, 1989; and Raines and Jung, 1986). In Knight's estimation, the Christian gospel of love is directed at *personal relations*, where good intentions matter, whereas the central problems of a liberal society revolve around issues of *social relations*, where it is the consequences of an action rather than the intentions behind it that matter. Claiming that the core of the gospel message was originally an "interim ethic"—which is to say that we should live now in the expectation of God's imminent reversal of scarcity, by which all the ordinary earthly problems of life will be transcended (Knight and Merriam, 1979, p. 29)—Knight argued that the gospel was never intended to provide guidance for the collective actions of a large, pluralistic society. "Indeed," he claimed, "the standards set [are] impossible to maintain without destroying the material and social basis of life" (Knight and Merriam, 1979, p. 29).

The only way the original gospel message could possibly be translated into a modern pluralistic society, Knight believed, is through reference to the two-fold command to love God and neighbor: "If Christianity does not mean this, there is nothing that it can be said to mean" (Knight, 1982a, p. 126). But however fine "personal affection and abstract mercy" are as motives, "they are notoriously unreliable as guides to action" (Knight and Merriam, 1979, p. 35). Of course, in a society which believes that the hand of God is at work in ways which are often invisible to human perception, good intentions may be enough; although the problem of explaining why the wicked prosper at the expense of the righteous cannot easily be dismissed. But in the modern social world, which does not have recourse to the providential nature of a divine Being, the moralistic call for good intentions is definitely not enough. What such a society requires, Knight argues, is attention to the consequences of any action. In the case of social action, paying attention to consequences means that right action requires knowledge of the relations among people created by the institutional arrangements of society. Because action always involves the use of power, which can cause irreparable harm if it is not used intelligently or remains unchecked, the ethical person in modern society

> ...must seek and intelligently use power, in business and politics and other social relations... Neither love nor the Golden Rule shed any significant light upon the problem of organized social relations.

> Differences usually involve a conflict of rights as well as desires.... Love cannot replace justice, in practice or as an ideal (Knight and Merriam, 1979, pp. 49–50).

Knight's earliest reflections on Christianity and modern society focus primarily on the relation between the love ethic and the use of power, and suggest that the central problem with the love ethic emerges from its failure to recognize the inevitable need to use power. Because Christianity refuses to recognize the presence of power in all human relations, and therefore provides no guidance for using power rightly, the existing power relations in society are absolutized, and the gospel of love converted into a form of coercion. Thus, "love is equivalent to force in human relations, is in fact but a variety of force" (Knight, [1923b], p. 1; see also Knight, 1923c; and Knight and Merriam, 1979, pp. 42–47). As his thinking on the nature of a liberal society developed, however, Knight realized that social action requires more than the knowledge of the effects of action on others in a particular institutional framework. It also requires *discussion*. The new element in his thinking about the nature of a liberal society adds an extra dimension to his critique of Christian social thought.

The term discussion is an important one for Knight, and mention of it can be found throughout his writing on both economics and social philosophy. He is fond, in particular, of quoting Lord Bryce's definition of democracy: "government by discussion." No matter where he employs the term, however, he always uses it to imply reference to a two-tiered process. At one level, discussion for Knight means dialogue about the appropriate institutional mechanisms society should use in order to coordinate individual action. For the purpose of social action, society is "a thing of institutions" far more than it is of humans (Knight, 1982a, p. 147), and the choice of social institutions is essential to ensuring that individual actions contribute to the general good. "The broad crucial task of free society," Knight tells us, "is to reach agreement by discussion on the kind of civilization it is to create for the future" (Knight, 1956a, p. 26).

But the discussion of what coordinating mechanisms to choose must be undergirded by a deeper level of discussion, Knight reminds us, if it is to avoid becoming merely "a contest between individuals or interest groups in getting what they want at the cost of others" (Knight 1956a, 26). The deeper level of social discussion required is an ongoing dialogue about the values and ideals which inform our choice of institutional arrangements:

> The chief thing which the common-sense individual actually wants is not satisfaction for the wants which he has, but more, and *better* wants.... [For this reason, i]t is the higher goal of conduct to test and try these values, to define and improve them, rather than to accept and "satisfy" them (Knight, 1935b, pp. 22, 40).

Because our values are fluid and dynamic, rather than static, we can never presume that we have fully captured the ideals that our values express in our choice of institutions. Hence the ongoing discussion and reformulation of values "is the social problem in the strict sense" (Knight, 1982a, p. 132). Viewed from the perspective of the long run, the social problem for Knight is not so much the creation of greater freedom through the evolution of social institutions as it is "the creation of individuals fit for membership in a free society" (Knight, 1943, p. 81). Freedom requires responsibility, and only constant discussion about our values and ideals (for example, what kind of people we want to become) will insure that changes to society's institutions will be improvements in the sense that they contribute to the production of more responsible citizens. Neglect of the deeper level of discussion, Knight believed, would inevitably lead to the downfall of liberal society. His perception of this neglect, in fact, was the basis of his pessimistic attitude toward liberalism in the mid-1930s (Knight, 1982c, 1935a, and especially 1991).

The importance of an evolving social discussion of values and their institutional expressions suggests another way in which the Christian gospel of love is at odds with the ideals of a liberal society. Christianity cannot contribute to the discussion which lies at the heart of a liberal society, Knight tells us, because it takes the existing social structure as given. The maxim, "Render unto Caesar the things that belong to Caesar, and unto God the things that belong to God" provides no help, for example, in showing us which things are best coordinated by government, and which are best left to a market (Knight, 1935b; and Knight and Merriam, 1979, pp. 26–50). Because Christianity fails to address the inequities and inefficiencies of the prevailing social structure, it can easily be used as a defense of the existing social order. And whenever a change in the structure of society is accomplished, the new order will soon be proclaimed to be "gospel" truth. Speaking of the way Christianity has been used historically to sanction both the existing order and the establishment of any new order, Knight remarked that

> [a]s soon as any issue in politics or economics became openly controversial, Christianity was used as an argument on both sides with equal assurance. And as soon as any change was definitely accomplished, the result became the state of affairs called for by the original Gospel, and a product of its teaching (Knight and Merriam, 1979, p. 24).

For Knight, an ethic which can be used to sanction any social order is no ethic at all; and liberalism, which must constantly evaluate the existing order, will do well to avoid appeal to religious beliefs. Christianity, therefore, has no place in the social discussion of values in a liberal society.

What a liberal society needs, Knight argued, is a free and open-ended discussion of the values to be pursued by individual and collective action, the evaluation and improvement of our institutions in light of the discussion of our values, and measures by which we could weigh the consequences of actions within any particular institutional arrangement. Christianity's failure to provide an ethic relevant to any aspect of the overall problem of organized social relations means, for Knight, that it has nothing to contribute to a liberal society. Indeed, any attempt to apply the Christian love-ethic in a liberal society would produce less-than-satisfactory, perhaps positively evil, results:

> ...the teachings of Christianity give little or no direct guidance for the change and improvement of social organization.... Indeed, evil rather than good seems likely to result from any appeal to Christian religious or moral teachings in connection with the problems of social action (Knight, 1982a, pp. 123–124).

As Anthony Waterman (1987, p. 59) has pointed out, Knight's argument is one of the most radical attacks on Christian social thought yet produced by a modern economist, because he goes beyond the usual criticism of specific policy proposals presented by church bodies or individual Christians to undermine the very foundations of religiously based social reform. For Knight, the use of the term *Christian* in conjunction with *social thought* is, in the context of modern liberal societies, a logical impossibility.

3. Knight on the Nature and Significance of Economics

In the previous section we saw that Knight's attack on Christian social thought emerged from his understanding of the antithetical character of the relation between religion and liberalism. In a world where the assurance of divine providential care cannot be assumed, the consequences of human choice matter much more than the intentions behind them, and the choice of institutional mechanisms for facilitating discussion and coordinating choices becomes a matter of great significance. Religion has no place in such a world, because it cannot provide the necessary social standards to assist in the discussion of values or in the evaluation of institutional coordination mechanisms. In the context of a liberal society, Christianity (which Knight usually equates with religion) has nothing to say to the central social problems because it has no truly *social* thought.

The purpose of my investigation, however, is not primarily to examine Knight's treatment of religion and liberalism. I have pursued that examination in order to draw the connection between Knight's understanding of the antithetical nature of the relation between religion and liberalism and his understanding of relation between religion and economics. The next step we need to take is to examine Knight's discussion of the nature and significance of economics, in order to see the connection he made between liberalism and economics. Only then will we be able to see why he rejected any connection between religion and economics, and why, at the same time, he believed that economics has only a small role to play in the most important aspect of a liberal society–its ongoing discussion of the values and ideals that will guide its social action.

When addressing Knight's approach to economics, most commentators begin with his writings on methodology: in particular, his review of Terence Hutchison's *The Significance and Basic Postulates of Economic Theory* (Knight, 1956b; for commentary on Knight's methodology, see Gonce, 1972; and Hirsch, 1976). The central questions posed from this perspective are ones such as these: Did Knight believe that the fundamental postulates of economics were *a priori* truths? Did Knight view the laws of economics as tendencies? How did Knight employ Weber's concept of *Verstehen*? And what were Knight's views on the empirical testing of economic models? Though these questions are interesting, and though their pursuit of them might bring us close to the questions at the heart of our investigation (see Hammond, 1991), I propose to begin at a different point.

In order to come at his approach to economics from an angle which will enable us to appreciate the way in which he practiced and taught economics, as well as what he said in his methodological writings, let us consider the understanding of economics expressed in *The Economic Organization* (Knight, 1967). This famous little textbook, which circulated throughout Knight's classes as an unpublished set of readings for most of his career (see Emmett, 1990, p. 280), encapsulated Knight's understanding of economics in four short chapters. For our purposes here, we can focus on the first chapter, "Social Economic Organization," in which Knight identified economics as a subject which "deals with the *social organization* of economic activity" (Knight, 1967, p. 6; italics in original).

After opening the chapter with "a warning against attaching too much importance" to economics (Knight, 1967, p. 3), Knight sets about to distinguish economics, which is necessarily linked with the economizing activity of humans, from the study of rational human activity. For Knight, economics is not equivalent to the science of rational action, for two reasons. The first reason Knight gives is that economics deals with the social organization of human economizing activity—"the concrete means or mechanism for dividing the general function of making a living for the people into parts and bringing about the performance of these parts in due proportion and harmony" (Knight, 1967, p. 7)—rather than with the process of making a living itself. The care Knight takes to distinguish economics as a *social* science from the study of individual economizing behavior suggests that he places far less emphasis on the attributes economists ascribe to individual behavior than he does on the attributes ascribed to the price system which coordinates that behavior. In other words, for Knight, economics is less the study of maximizing behavior than it is the study of the exchange process (on Knight's ambiguous relations with the maximizing tradition, see Buchanan, 1987, and Emmett, 1990, pp. 197–245). It is no mistake that the second chapter of the textbook is entitled "The Price System and the Economic Process," and that there is no intensive examination of demand theory in the book.

Furthermore, as he makes clear in the first chapter, economics deals primarily with only *one* specific form of social organization—the free market. Despite the fact that economic activity has been organized according to tradition, command, and voluntary association in many societies, modern societies which take personal freedom seriously generally adopt the free enterprise system as their central form of economic organization. "Consequently it is the structure and working of the system of free enterprise which constitutes the principal topic of discussion in a treatise on economics" (Knight, 1967, p. 6).

Knight's definition of economics as a social science which studies free enterprise means that economics makes little sense apart from the context of a liberal society. In a lecture published near the end of his career, he said, "Economics as a discipline is a quite recent arrival on the scene, because it assumes individual freedom and hence there was no place for it in earlier forms of society" (Knight, 1961, p. 185). Despite the existence of exchange relations in other and earlier forms of society, economics as a scientific discipline could not emerge until the free enterprise system which it studies developed as a significant form of social organization. The strong connection Knight draws between economics and free enterprise economies allows him to claim (later in his life) that:

> [t]he purpose of teaching and writing on economics I take to be to give the public a general understanding of the "economic order" or organization that prevails in a modern "free" nation, for their guidance in social action affecting it (Knight, 1961, p. 185).

The second reason Knight gave for his argument that economics is not the science of rational action emerges from his claim, made in the first chapter of *The Economic Organization,* that rationality is something more than efficient "economizing," understood as the accommodating of available means to achieve a goal. Human rationality, Knight suggested, also includes discussion about what goals to pursue. Contrary to the assumption—*de gustibus non est disputandum*—that economists often make, Knight believed that it is precisely tastes, preferences, values, and beliefs that are, and should be, subject to intense rational discussion.

> Living intelligently includes more than the intelligent use of means in realizing ends; it is fully as important to select the ends intelligently, for intelligent action directed toward wrong ends only makes evil greater and more certain.... Not only are the objectives of action in fact a practical problem, as well as the means of achievement, but intelligent discussion of the means cannot be separated from the discussion of the ends (Knight, 1967, p. 4).

As we saw in the previous section, the notion that rationality consists of more than economizing behavior is a theme that runs throughout Knight's work. (For its relevance to economics, see Knight, 1935b and 1935c). However, this theme sets up an interesting tension in his understanding of the relation between economics and liberalism. On the one hand, because any choice an individual makes is simultaneously a decision about means *and* ends, the price system, which coordinate individuals' economizing choices, is itself a part of the process of social valuation. Economic exchange is inextricably a part of the broader social discussion of values in a liberal society:

> The system of social organization does more than reduce individual values to a common denominator or scale of equivalence. In large part the individual wants themselves are *created* by social intercourse, and their character is also largely dependent upon the form

> of organization of the economic system upon which they are dependent for their gratification (Knight, 1967, p. 9, italics in original).

On the other hand, Knight's assumption that rationality is more than economizing behavior also imposes a severe limitation on the relevance of economics to the social discussion of values. For although the price system can be described *as if* the decisions being made were simply choices over means and not ends, and even though such an analysis is probably a necessary "first stage in the discussion of economic problems" (Knight, 1921, p. 146; see also Knight, 1935b), it is still necessary to remember that price theory can never wholly subsume value theory. Thus Knight wanted economists to keep the intimate connection between price theory and the social-valuation process in the foreground of their analysis in order that they should recognize the significant limitation placed on their contribution to the social valuation process. "But should it not be kept in mind," he asked in a book review written at about the same time as the earliest versions of the material in *The Economic Organization,* "that the ultimate object of economic theorizing is a criticism in ethical and human terms of the workings of the economic machine, and that a theory of value as well as price is indispensable?" (Knight, 1921, p. 146). The fact that economics must take human values as given in order to generate a theory of exchange relations meant, for Knight, that its contribution to the social discussion of values was extremely limited.

The tension between these two sides of Knight's understanding of economics has been described quite well by George Stigler, who said that

> for most present-day economists, the primary purpose of their study is to increase our knowledge of the workings of the enterprise and other economic systems. For Knight, the primary role of economic theory is rather different: it is to contribute to the understanding of how by consensus based upon rational discussion we can fashion [a] liberal society in which individual freedom is preserved and a satisfactory performance achieved. This vast social undertaking allows only a small role for the economist, and that role requires only a correct understanding of the central core of value theory (Stigler, 1987, p. 58).

4. From Religion to Economics (and Back Again?)

In the previous section we saw that Knight viewed economic exchange as a part of the larger social valuation process and hence understood economic theory to emerge from, and exist within, the social discussion of value. Because economics is an integral part of the intellectual culture of a liberal society, and because religion is not, we can conclude that for Knight, religion and economics have no relation. In fact, we can say that because of the particular way Knight understood religion to be antithetical to liberalism he believed religion can *never* be related to economics. Economics, which is the study of social organization in a liberal society and its consequences for human action, cannot be connected to an ethical framework which refuses to consider the consequences of actions and simply accepts (if not sanctions) an existing social order. Ultimately, the reason why economics and religion are unrelated is because religion contains no resource for the evaluation of social change; which is the one thing most needed in a modern society.

At the same time, however, our examination of Knight's understanding of the nature of economics has uncovered another theme which must be held in tension with the fundamental antithesis between religion and economics which characterizes so much of his writing on the relation between the two realms of thought. The notion that economics might be an integral part of the social discussion, but that it has no claim to dominate that discussion because of its assumption about the givenness of human preferences, implies that there is some room in a liberal society for an independent field of ethics. By its very nature, an ethic suited to the needs of a liberal society would reject the absolutized standards of Christianity and most other religions. But would it be anti-religious in every sense?

In most of his writing on ethics, economics, and liberalism, the answer Knight gave to that question, as we have seen, was "yes": religion and liberal ethics are antithetical. But early in his career, while he was still sorting out his relations with the religious environment of his youth, he offered a tantalizing suggestion of a different answer. After considering of many of the themes touched on here in a paper that appears to be a public address, Knight added:

> My concluding thought would be that in spite of all that I have said about the difficulties of these [religious] ideas for the modern man and the inhospitability of his mind toward them, his penchant for tough-mindedness and fear of being fooled...the world is ripe for the fearless preaching of a spiritual gospel. At heart it is hungry, and is looking for the man with the courage to "break the bread of life" and "pour out the living water." It is dimly aware of the existence of a realm of values where to seek reverently is to find, and wants nothing so much as confident guidance on the path toward that country, which has no immigration restrictions or naturalization laws, no boundaries even, for it is co-extensive with time and space, the City not made with hands but whose builder and maker is God (Knight, [1923a], pp. 9–10).

Despite the fact that he never again felt comfortable putting his ideas in quite the same form—because he came to reject the presence of God—we would not stretch the truth too far to suggest that Knight spent the rest of his life seeking ways to preach that "spiritual gospel" to modern society.

5. Conclusions

At the beginning of this chapter, it was suggested that Frank Knight's work could be used to illustrate Vidich's and Lyman's claim regarding the fundamentally theological nature of social inquiry. After our examination of the relation between Knight's opposition to Christian social thought and his understanding of the nature and significance of economics, we are ready to return to that claim and to summarize what we have found.

One of the central elements of the Vidich-and-Lyman thesis is that even in a society which has no recourse to the providential nature of a God who is present in human history, the provision of a justification for the way society works is a "theological" undertaking. Despite the fact that modern economists often forget it, their investigation of the universal problem of scarcity and its consequences for human behavior and social organization is a form of theological inquiry: in a world where there is no God, scarcity replaces moral evil as the central problem of theodicy, and the process of assigning value becomes the central problem of morality. Knight's (implicit) recognition of the theological nature of economic inquiry in this regard is one of the reasons for his rejection of positivism in economics and his insistence on the fundamentally normative and apologetic character of economics. In some sense, therefore, it is appropriate to say that Knight understood that his role in a society which did not or could not recognize the presence of God was similar to the role of a theologian in a society which explicitly acknowledged God's presence. As a student of society, he was obliged to contribute to society's discussion of the appropriate mechanisms for the coordination of individuals' actions, and to remind the members of society that their discussion could never be divorced from consideration of the type of society they wanted to create and the kind of people they wanted to become.

Vidich's and Lyman's belief in the theological nature of modern social inquiry has another element which is also relevant to our examination of Frank Knight's work. In a world where God is absent, some individuals will continue to be troubled by that characteristic of reality, and will need to explain its significance. Frank Knight was such a person. Whether because of his own experience or because the intellectual world in which he lived was still coming to terms with it, God's absence was a theme which ran throughout all of his work. The most visible form that the theme took was his opposition to Christian social thought, but it also permeated his social philosophy and complicated his ethics. Paradoxically perhaps, the economist whose attack on religious approaches to economics poses some of the most difficult questions for those who continue to argue that religion has any contemporary relevance, is also one of those who most acutely recognize the significance of what has been lost by religion's irrelevance. The tension which this paradox produced in Knight's work is one of the reasons his work continues to engage us today.

Students at the University of Chicago used to say, "There is no God, but Frank Knight is his prophet" (Buchanan, 1982, p. xi). I have already suggested that Knight's recognition of the theological nature of economic reflection could allow us to call him a "theologian" of liberalism. If there is also a prophetic quality to Knight's work, it lies in his questions regarding our ability and willingness to live in a world where there is no God. In typical Knightian fashion, he rather doubted that we were either able or willing, but insisted that we owed it to ourselves (and perhaps to God?) to make the effort.

7 *ORDO* Liberalism and the Social Market Economy

Richard E. Wagner

Is economic analysis sensitive to the theological predispositions of its practitioners? I have chosen to approach this question posed by the editors by sampling some of the scholarship on economic policy associated with *ORDO* liberalism and its conceptualization of a social market economy. If there is a Chicago school of economics, as many have claimed, *ORDO* liberalism could well be called the Freiburg school. It emerged in the 1930s under the influence of economist Walter Eucken and lawyer Franz Böhm. Indeed, Hollerbach (1988, p. 84) declares that "the cooperation in research and teaching between lawyers and economists at the University of Freiburg during the third and fourth decades of this century provides the foundation of what is called the Freiburg School." Those associated with the school were generally strong opponents of national socialism; they developed a distinctive approach to economic analysis and its place within the humane studies, and Eucken and Böhm founded the Yearbook *ORDO* in 1948. Just as people associated with the Chicago school might be found in many locations, so, too, would those associated with the Freiburg school of *ORDO* liberalism.

I first consider in general terms the ways in which economic analysis might be sensitive to religious belief, after which I explore the particular relation between *ORDO* liberalism and religious belief. Next, I characterize the *ORDO* formulation of the problem of economic policy, where the primary choice involves a deliberate choice of the form of economic order. Within the framework of a market economy as one form of economic order, *ORDO* liberalism construes the central policy distinction as being that between economic policies that conform to the principles of a market order on the one hand, and those that do not on the other. After this, I speculate briefly on how those *ORDO* principles might be applied to a few topics of contemporary policy relevance.

1. Religious Belief and Economic Understanding

If the "sensitivity" of economic analysis to religious belief is taken to mean that there are different types of propositions about the nature of economic processes, depending on particular religious beliefs held by the analyst, there is much to be said for asserting the autonomy of economics. The posture of autonomy would hold that there are universally applicable laws or principles of economics, regardless of the particular religious beliefs of the people who are subject to those laws. Such concepts and categories as scarcity and cost, demand and supply, and interest and profit are universally recognizable and operative categories of economic life. Islamic banking, for instance, may replace the explicit payment of interest with cooperative ventures between bankers and clients, but it cannot deny the universal operation of the category called interest, which limits the time structure of production just as surely in Islamic societies as it does elsewhere.

To assert the scientific autonomy of economics in this respect is not to deny that religious belief might have substantive economic significance. It is only to assert that that substance would conform to the formal categories of economic analysis. The law of demand is universally valid, even if the items demanded might be influenced by religious belief. For instance, December 1966 saw the end of the ecclesiastical requirement that Roman Catholics should abstain from eating meat on Fridays and other fast days. A study of the demand for fish in New England, where the population is about 50 percent Roman Catholic, found a significant decline in the price of fish after December 1966 (Bell 1968). This change in religious practice reduced the demand for fish, but it did not repeal the law of demand. After December 1966 just as before, people would tend to consume more fish the lower the price. The Roman Church's requirement of meatless Fridays until December 1966 caused some substitution of fish for meat among its adherents, but there is nothing in that substitution that conflicts with economic principle.

Religious belief and practice can exert substantive economic consequences, even if the form of economic relationships remains invariant to those beliefs and practices. Economic theory would thus be autonomous from religion, even though the substantive unfolding of economic history might reveal traces of religious belief, as revealed by a greater share of fish markets relative to meat markets in Roman Catholic societies before December 1966 than after. This perspective on the relation between economics and religion is one that might accord some place for religious belief to influence the assessment of proposals for public policy. But even here, that assessment could not be advanced autonomously by theologians, because the consequences of those proposals would be a matter of economic analysis. As Josiah Stamp (1926, p. 22; italics in original) put the point: "Economic principles...*describe* the 'pudding' of material life, but they do not *prescribe* the ingredients." Thus one economist might support a more progressive tax structure than another, based perhaps on religiously informed "value" beliefs about equality. Alternatively, of course, another might support a less progressive rate structure, despite identical religious and value beliefs, because of differing "empirical" beliefs about such matters as supply elasticities of labor and capital.

To be sure, this approach to the relation between economics and religion regards economics as providing knowledge about social processes, while giving to religion domain over the substantive valuations that determine actual terms of exchange. Economics would dictate the form of the pudding while religion would provide the substantive ingredients, or at least some of the ingredients. This corresponds to what is a widely perceived division of labor between religion and economics. Religion deals with moral principles, values, and ideals; it deals with categorical imperatives concerning what we should do. Economics deals with scientific or explanatory matters; it deals with hypothetical imperatives concerning such things as the tradeoffs involved in pursuing those ideals. Economics would show how best to accomplish what the theologians, or our own religious values, tell us we should accomplish. Theology would offer axioms about what is good, economics would tell us whether the good can be attained, and if so at what price. Whether to pay that price, though, would be a theological and not an economic matter.

This intellectual division of labor assigns valuational claims to theology and cognitive claims to economics. Yet Christianity, like many if not most other religions, depends primarily on cognitive claims about the true nature of reality, even if such claims might not be testable or falsifiable in the conventional sense. With Christianity and economics both making cognitive claims about reality, there should be wide scope for translating the one form of claim into the other. There would be a mutual consistency between Christian and economic claims about reality, in that a Christian economist would recognize the congruence of his or her economic claims with Christian belief. A non-Christian economist, however, could accept those same economic claims without embracing the Christian claims. It is fully possible for a body of scholarship to be written in secular fashion, even with contributions by some who would not accept the Christian claims, and yet be consistent with those claims.

This seems to be the case for much of the scholarship on *Ordnungspolitik*. In this respect there seems to be a clear parallel between the scholarship represented by *ORDO* liberalism and the political thought represented by *The Federalist.* There is no doubt that the American constitution that was being articulated in *The Federalist* was infused by a Christian understanding of reality, even if that articulation was largely secular and directed toward the creation of a secular republic. Graham Walker (1991) shows very clearly the Augustinian foundations of the American constitutional order, and in a manner that strongly recalls Vincent Ostrom's (1987) argument about the central logic of the American constitutional system, even though Ostrom does not invoke Augustine's two-cities framework.

Similarly, economics can be informed by theological knowledge, even if that theology is not apparent in the actual presentation of the economic scholarship. This, I believe, is the situation with *ORDO* liberalism. In *Federalist No. 1,* Alexander Hamilton asks "whether societies of men are really capable or not of establishing good government from reflection and choice, or whether they are forever destined to depend for their political constitutions on accident and force." The distinction between reflection and choice on the one hand, and accident and force on the other, locates room for genuine freedom of choice, at least if reflection and choice is to dominate accident and force. In an essay critical of *ORDO* liberalism in general and of Walter Eucken in particular, Hajo Riese (1972) asserts that *ORDO* liberalism is not a scientific program because it confounds positive and normative elements. Without doubt, the scholarship arising out of *ORDO* liberalism does not sustain the standard positive-normative distinction. Yet to sustain that distinction is to counsel one to give in to accident and force by denying the possibility of true freedom. At least this is the case with imperialist research programs in economics where all phenomena, including in principle even the content of economic scholarship itself, is explicable by an economic logic. If all choice is treated as subject to economic explanation, there is no scope for genuine choice to operate in human affairs.

2. Economics, Religion, and the *ORDO* Perspective

Much of the *ORDO* perspective on economic policy is found in the work of the Freiburg Circle during World War II, the work of which

Christine Blumenberg-Lampe (1973) describes. Actually, there were three Freiburg Circles with overlapping membership. Blumenberg-Lampe notes that "the first Circle arose spontaneously after *Kristallnacht* among Christian economists and historians" (1973, p. 7). She later notes that the group was predominantly protestant and decidedly Christian, with the biggest question under discussion being resistance in relation to the Bible, and with that discussion taking place without any members from the theological faculty. The second Freiburg Circle was called the "Bonhoeffer Circle" after the theologian of the Confessing Church who had visited Freiburg during the War. The third Circle was primarily concerned with political economy, particularly with how to resist all forms of central economic administration, whether from the right or from the left. In all, the members of the Freiburg Circle were broadly concerned with liberal democracy, theology, and postwar economic policy. Franz Böhm and Walter Eucken were regular participants in the activities of the Freiburg Circle.

As with any collection of independent scholars who happen to be classified together because the commonalities that they share seem more notable than the differences that separate them, it would be a mistake to ignore their individuality. Many of the *ORDO* liberals who advocated a social market economy would be generally classified as classical liberals. This would be true, for instance, of Walter Eucken and Franz Böhm. Others would be classified more as traditional conservatives. Perhaps the best known in this respect is Wilhelm Röpke, who has been widely translated into English (e.g., 1948, 1950), and who brought a variety of end-state values into his suggestions for economic policy. Although Röpke supported a free market for the organization of economic activity, he also expressed some disdain for what he believed can be an excessive commercialism. He saw certain bourgeois values surrounding family, frugality, sobriety, and church that he thought economic policy should support against the proletarian forces of mass culture, as particular end-states independently of the outcomes of market processes.

Alfred Müller-Armack is a scholar associated with *ORDO* liberalism who writes specifically on economics and religion. Moreover, he does so with an interest in end-state outcomes that seem in the same neighborhood as Röpke's. Indeed, it was Müller-Armack who invented the term "social market economy." It would be wrong to think that such scholars as Müller-Armack were seeking to be exclusionary, in that they were formulating an approach to economic policy for a nation of believers. Quite the opposite was the case, as can be seen clearly in Müller-Armack's essay (1959, pp. 559–578) on "Social Reconciliation," where he seeks to explain how Catholics, Protestants, socialists, and liberals can all exist peacefully and prosperously within a social market economy. To be sure, he notes that he "sees no serious objection to recognizing the ideas of personality and *ORDO* as providing a common foundation for Christian social theory" (1959, p. 565), just as he had earlier argued that "with respect to general Christian principles, Catholic social teaching can obtain a greater reach through the ideas of *ORDO*" (1959, p. 564).

The *ORDO* outlook is fully assimilable to the Christian idea that creation is orderly, even if actual life does not proceed in harmony. For those who profess the Christian faith, *Ordnungstheorie* represents an effort to think systematically about the order of creation. Just as Christian theology can speak of the proper place of such institutions as church, government, family, and property in the order of society, so does *Ordnungstheorie* seek to illuminate the principles of a well-ordered society. Moreover, it does so, as does Christian theology, at least of the Augustinian variety, against a backdrop where harmony is not simple and easily achieved through proper political action, but is elusive and fleeting. At the same time, *Ordnungstheorie* can be congruent with the values and interests of nonbelievers, as Müller-Armack tries to show. In this respect the religious basis of *ORDO* liberalism would seem, again, to be similar to that represented in the American constitutional founding. *ORDO* liberalism, like Christian social thought and like the American constitutional founding, sees no natural harmony or solidarity in actual existence. Strife is ubiquitous. To the extent harmony or solidarity might be attained it will be through achieving a right order within society, whereby civil government is mainly concerned to secure justice and not to seek salvation.

3. A Framework for Constituting an Economic Order

Walter Eucken, the founding economist associated with *ORDO* liberalism, writes for a secular audience, or at least in a secular manner. Eucken's end-state agenda was more limited than Röpke's, and was concerned primarily with maintaining a free market, without being greatly concerned about the specific end-state outcomes that such a market might generate. In his survey of "The Idea of *ORDO* in Walter Eucken's Thought," Franz Böhm (1950, p. 15) identified *ORDO* with Eucken when he declared that *ORDO* "means precisely what Eucken formulated, and it embraces three considerations: First, it is a motto for legal and economic policy, and it forms the subject matter of this Yearbook. Secondly, it is a scientific program. Thirdly, it provides the intellectual home for Eucken and his co-workers." Böhm continues, noting that

> Eucken thought of the installation of a particular economic order that was under the influence of multiple ideas and possibilities, namely a competitive order.... [T]his was the only order that allowed full play for the spontaneous plans of individuals, in which the economic decisions of everyone are placed under a framework of law free from domination by people in superior positions."

That Eucken sought for a competitive economic order where clusters of power were absent would seem to place him in some generally classical liberal perspective, but this need not have any distinctly Christian component.

The seminal statement of the *ORDO* approach to economic policy is Walter Eucken's *Principles of Economic Policy* (1952). By *Ordnungspolitik*, or order policy, Eucken meant something like constitutional policy. Eucken invoked a fundamental conceptual and logical distinction between the framework within which economic processes unfold and the specific operation of those processes. By economic processes he meant the typical processes that are associated with producers' deciding what to produce and with consumers' deciding what to buy. By framework he meant the various rules and conditions within which those processes operated. For instance, all market transactions involve processes of exchange between buyers and sellers. But there can be many particular frameworks within which those exchange processes operate, corresponding to differing conditions on both the buying and the selling sides of the market.

Eucken distinguished two types of policy measures: those that shape the economic order and those particular adjustments within the framework of the economic order that are nonetheless consistent with it. Eucken consistently disassociated himself from what he called "Manchester liberalism" or extreme *laissez-faire,* on the grounds that it allowed no place for economic policy, either as intervention into the economic order or as an activity of shaping that order. Indeed, in a passage where he distinguishes an economic policy of *laissez-faire* from a positive policy of creating a competitive economic order, Eucken (1952, p. 255) cites Henry Simons's *Economic Policy for a Free Society* as a highly recommended work. No doubt he had especially in mind Simons's essay on "A positive program for *laissez faire*," which reveals clearly a kindred spirit to Walter Eucken. Eucken similarly rebuked collectivism for its concern both to shape the economic order and to intervene into the economic process.

For Eucken, the primary task of economic policy is to shape properly the economic order, which in turn means both to create a market order and to ensure that specific policy measures are congruent with that order. The first requisite of economic policy is that it should be consistent with the underlying principles of a market order. However limiting this requisite might sound at first glance, it still leaves much scope for controversy over particular policy measures, as I shall explore below.

As for the shape of an economic order, Eucken (1952, pp. 270–285) argued that there were really only two principles for economic organization, one grounded in exchange and one grounded in planning. This is not to deny that there could be various types of each. For instance, a market economy could be open to anyone or it could be closed to those without the required license or approval. These would be different forms of market economy, but they would still be market economies because economic activity would be ordered through the principles of property, contract, and liability. In a collective economy these principles would be abridged, even if some degree of choice were allowed among consumers and workers.

For Eucken, a process of reflection and choice would lead one to prefer a market order to a collectivized order. Where some *ORDO* liberals might invoke religious grounds in supporting this choice, others would stick to relatively secular grounds. Nonetheless, there was a strong belief that a market order was superior to a planned collectivist order. The problem was one of how to incorporate this knowledge into a procedure or framework for the conduct of economic policy.

Partly this is a matter of knowledge. The principles of property, contract, and liability which ground a market economy provide guides both for the construction of an economic order and for the assessment of the degree to which particular policy measures might be consistent with that order. For instance, the principle of liability means that there can be no separation between the authority to issue orders and liability for the value consequences of those orders. Incomplete property arrangements that give rise to externalities would violate the principle of liability. So would the ability of state officials to compel businesses to do such things as hire more expensive labor or use more costly equipment or production processes, when less expensive means are available.

To such scholars as Eucken and Böhm, order policy was concerned principally with maintaining competitive open markets. There was no belief that open markets could be maintained without proper economic policy. Even if open, competitive markets were to exist at one time, there was a presumption, reinforced with German experience with cartels, that monopoly through cartelization would come to replace competition across large sectors of the economy. A market economy, after all, is simply a means of organizing economic activity within the framework provided by the principles of property and contract. One possible use of contract is to create a cartel. The brewers in a town agree to sell their beer only through a common marketing board, and post bonds that they would forfeit should they violate their contract. In this way freedom of contract can violate the maintenance of open competition.

Without doubt, the creation of cartels through contract is limited eventually by the prospect that people who are not now brewers might enter the business if it became sufficiently profitable. A contract can bind only those who are party to it. It cannot bind potential competitors. Potential competition thus affords some protection against cartelization, but that protection is obviously incomplete and might operate only after considerable time had passed. In this regard it is surely worth noting that at a 10 percent rate of discount, seven years is about half an eternity.

Eucken did not distinguish between competition and monopoly in the standard, neoclassical manner based on an objective listing of such conditions as homogeneous products, full knowledge, horizontal demand curves, and the like. For instance, a differentiation among products was not taken as a sign of market imperfection, as compared with a world of homogeneous products. Monopoly was approached in relatively subjectivist terms through asking what it was that market participants took into account in making their plans. The main distinction here was whether they took the prices or the reactions of other participants as data, with monopoly arising when participants feel compelled to take those reactions into account. It is possible, for instance, to regard the prices of competitors as basic data while still being able to sell more by lowering price.

Such *ORDO* liberals as Röpke and Müller-Armack shared this concern with competition, but as noted before had also a wider agenda of policy considerations that spoke more to a concern with some particular end-states of economic activity. These concerns reached to such things as providing security in a society against aging, cultivating an economic climate favorable to small enterprises, and supporting bourgeois over proletarian characteristics. Such *ORDO* liberals as Eucken maintained a narrower range of end-state outcomes, at least explicitly, as illustrated by the concern with maintaining a competitive economic order. Even without explicit effort, however, a policy focussed on maintaining a competitive order of society would be favorable to small enterprises and would promote bourgeois as against proletarian characteristics.

4. The Principles of Economic Policy

The distinction *Ordnungspolitik* invokes between the choice of a system of economic organization and the choice of policy measures to create and support that system is an analytical and not an historical distinction. It is a guide to clear thinking, not a description of actual, or desirable, historical processes. The *ORDO* liberals, starting with Eucken, argued that there were only two fundamental forms of economic organization, one grounded in contract and markets, and the other grounded in control and planning. They also began with a commitment to freedom of exchange and association as a basic principle of social organization. This commitment no doubt involved both normative commitments to human freedom and dignity and positivistic beliefs that such principles were more conducive to human flourishing than collectivism.

While Böhm, quoted above, characterized *ORDO* as a scientific research program, it was not a scientific program in the sense of positivism. Positivism, at least when combined with an open-ended economic imperialism, cannot help but seek ultimately to explain everything. Not only would there be an economics of banking, there would be an economics of writing economics about banking. Such an effort would doubtless try to explain the allocation of types of writing and forms of argument, positions taken, and the like, as a result of an economic calculus, and with allocations of effort reflecting some equimarginal principle. In so doing, freedom is extinguished as an ontological category because there is no recognized scope for the operation of human will and choice.

The *ORDO* writers avoided positivism without falling into some idealistic trap where anything is presumed possible. The members of this school believed that there were principles at work to which social life conforms. But they did not think that this left us powerless to shape the character of our social life. There was some scope for shaping social life, but not unlimited scope. Someone wishing to grow vegetables must work within the framework provided by principles of soil chemistry and plant pathology, among many other relevant considerations. Yet knowledge of those principles is acquired precisely to shape more desirable outcomes. It seems to be the same with the scholarship on *ORDO* liberalism.

Riese (1972) argues that *Ordnungstheorie* does not provide a scientific basis for explaining economic processes, and that its distinction between selecting a framework of economic activity and operating within that framework is a distinction that has no counterpart in practice. This is correct, but it is irrelevant as criticism. *ORDO* liberalism presents an approach to the constitution of an economic order that involves economics not as a wholly explanatory subject, but as one with a significant normative domain. In other words, the work stemming from Eucken and others was not "scientific" in the sense that logical positivism prescribed. Eucken and the others did not seek to explain everything, as through some gigantic program of economic imperialism. They were not disinterested Pareto-like observers of a society in which they played no part. Observers and theorists they surely were, but they also saw themselves as participants in an ongoing process of applying intelligence to the task of constructing a flourishing economic order, under the belief that such flourishing is not something that occurs automatically in the nature of things.

Ordnungspolitik makes a central distinction between policy measures that are conformable with a market economy and those that are nonconformable or inconsistent. Like many such distinctions, this one is generally easier to articulate than to implement. But to say this is not to dispute the distinction's value as a principle of economic policy. A conformable policy is one that is consistent with the principles of property, contract, and liability. A nonconformable policy is one that clashes with those principles. A tariff, Eucken argued (1952, pp. 267–268) was conformable with the principles of a market order. For instance, a tariff on software imposed on what is otherwise a market economy would not violate the principles of property, contract, and liability, even though it would induce domestic producers of substitute products to expand and cause consumers to pay more. A quota on software, however, would clash with the principles of property, contract, and liability. Freedom of contract, for instance, would be abridged because buyers could no longer choose their preferred suppliers. What software to be imported, from which producers, is no longer determined through market processes, but is decided through some political allocation. Property and contract are sacrificed for allocative measures that are nonconformable with the principles of a market economy.

Eucken, along with many of the *ORDO* liberals, called for a stronger state. He argued, on the basis of his analysis of the collapse of the Weimar Republic and the rise of national socialism, that the state had been too weak to avoid predatory ravaging by strong interest groups. A weak state would be unable to maintain a market order, even if one had been in place initially. Only a strong state could resist the predatory thrusts of such interest groups as those seeking to restrict competition through forming cartels. On the surface, this seems to be a very different formulation from that found in the current public-choice literature, where the emphasis is on a strong state that needs somehow to be constrained.

This difference, however, is less significant than the language might make it seem. Indeed, part of the difference is linguistic. In both cases what is being objected to is the restriction of competition through the conferral of privileged positions free from competition. Where *Ordnungstheorie* construed this as a sign of a weak state, contemporary public-choice scholarship construes it as a sign of a strong, overpowering state—a state that has broken free from its proper bounds. Both refer to the same phenomena in any case, so what a strong state would accomplish in one case would be accomplished by a weak state in the other.

Yet the difference is more than terminological. Much public-choice scholarship seems to rest on the belief that a competitive organization of society is naturally sustaining, as a kind of natural outcome, if only the state would not intervene to dispense favors through restricting competition. *Ordnungstheorie* economists generally reject this presumption, arguing instead that the "natural" outcome of a competitive process is cartelization and monopolization, unless state authority is used systematically to forestall such outcomes. Hence the state must be able to resist what are some of the "natural" forces of competition, and so must be a strong state. For the *ORDO* liberals, this would be *laissez-faire* within the framework of the market order, combined with state participation in creating and maintaining that framework. In other words, the *ORDO* liberals would speak of a program of "creating the economic order." They would not be content simply to say that "the economy emerges or evolves."

How the state might do this and how it might be organized to do this is, of course, not simple to answer. Such questions point to the eternal issues of constitutional governance. To be sure, the concern with the legal and institutional framework points to what it is that is directly open to human choice. What we can choose are the rules and principles that govern our economic relationships, and this is all we can choose. We cannot directly choose the outcomes. There is no way that prosperity is directly open to choice, nor is a progressive economy, nor perhaps anything else that people might think desirable for that matter. What is open to choice, and all that is truly open to choice, are the rules or the framework within which people conduct their activities. To assert the contrary is to assert the meaningful possibility of collectivist economic planning. The *ORDO* liberals were correct in recognizing that it is rules, and rules only, that are open to human choice, and in seeking to adopt a system of thought that reflects that recognition.

5. *ORDO* Principles and Contemporary Policy Controversy

It is an open question whether controversy over public policy arises primarily from cognitive or from valuational differences. Indeed, it may be impossible to distinguish the two sources of difference in practice, even though the distinction is relatively clear conceptually. In any case, the *ORDO* distinction between shaping the framework of an economy, and direct intervention into the economic order, as well as the distinction between conforming and nonconforming forms of state intervention, is a valuable aid for clear thinking. This is not to say that its application is simple and free from ambiguity. It is only to assert that the *ORDO* perspective provides a check on the operation of unintended consequences in generating a mix of ultimately destructive policy measures. There is still plenty of room for political controversy, because the *ORDO* perspective does not select one particular policy measure as unambiguously desirable in any particular case. *Ordnungspolitik* provides a principle to guide the conduct of economic policy in a way that maintains congruency with the basic principles of a market economy, but it leaves open much of the specific character of economic policy. I should like to illustrate this briefly for four particular cases: social security, medical care, poor relief, and equal opportunity.

Social security can be provided in conformity with the framework of a market economy, but it need not be. The pay-as-you-earn form of social security, whereby people who are working are taxed to finance payments to those who are retired, is not conformable with a market economy. It does not act within the framework of the principles of property, contract, and liability, but acts contrary to those principles. This may be seen by comparing a pay-as-you-earn system with a funded system of social security, which would be conformable to a market order. In this case people would make contributions into accounts they truly owned, and the return they would be able to get upon retirement would depend on the return earned by those funds. The funded system of social security would bring people into the market economy, as their wealth came to depend on the anticipated future productivity of capital assets. Relatedly, a funded system of social security is consistent with creation of a bourgeois order, while a pay-as-you-go system reinforces a proletarian order.

How should medical care be organized? One free-market approach is to let medical care be rationed by market price in the same manner as dog-food and soap. Then if people can't afford treatment against life-threatening illnesses they may die. Many would object to such a setting. But what particular alternatives would those who object suggest in replacement? One possibility would be generally subsidized medical care available for all. Such medical care financed by general taxation would be a market conformable measure within the *ORDO* framework. In contrast, a system of freely available care combined with quotas or other forms of rationing would be a nonconformable measure.

With respect to poor relief or welfare, a policy that abolished all state support and left the problems associated with destitution to private agencies would be market compatible. But so would a policy of some form of guaranteed income or social dividend, as in the form of a demogrant financed through the general tax system. In contrast, a policy that directed government agencies, or private contractors who did business with the government, to employ a stipulated share of their workers from among those designated as eligible by welfare agencies would be nonconformable.

With respect to issues surrounding affirmative action and equal opportunity, a policy of making no effort to redress claims arising out of past discrimination would be market conformable. So would be a proposal for some lump sum reparation. Employment quotas, regardless of whether they are instituted explicitly or are left implicit in *de facto* form, as an indicator of proper conduct, would not be market conformable. To say that a proposal is market conformable is not to say that it would be free from controversy. It is only to say that it operates within the central framework of property, contract, and liability, as against working in contradiction to that framework.

6. In Closing

Even if many of the *ORDO* liberals were Christian, their formulation of an approach to economic policy had an inclusive secular character. The *ORDO* approach to economic policy is broadly consistent with the recent literature on constitutional political economy, as Vanberg (1988) and Leipold (1990) have explained. Conceptually, the distinction between the order of rules and the order of actions is an important one, even if historically the two are mixed. The *ORDO* perspective is suitable for a set of people who agree on the basic value of a market economy, even though they may differ on various particular issues of public policy. Some may support a more activist state involvement in poor relief than others. Some may think government should make a stronger effort to offset consequences of past discrimination than others. Regardless of such differences, policy discussion would take place in terms of the conformability or nonconformability of proposed policy measures to the framework of a market economy. The distinction between conformable and nonconformable measures, if treated as a constitutional requirement for economic policy, might well serve as a kind of constitutional compass. In this manner, such a limitation on the possible domain of policy measures would perhaps restrict some of the problems of time inconsistency and path dependency that might otherwise operate to produce a degeneration of liberal democracy through liberal democratic processes.

8 Keynes and Knowledge

T. K. Rymes

Interest in the philosophical foundations of Keynes's economics has blossomed in recent years (see Lawson and Pesaran, 1985; Carabelli, 1988; Fitzgibbons, 1988; O'Donnell, 1989; Bateman and Davis, 1991; Gerrard and Hillard, 1992; Moggridge, 1992; and Skidelsky, 1992). Although it is far too early for an adequate assessment as to what rethinking of Keynes's economics is necessarily involved by this literature, I take here a very preliminary step in that direction.

Keynes had a conception of knowledge not employed by the vast majority of modern economists. Modern economists assume that individuals form their expectations and engage in actions on the basis of knowledge–theory they have of the world–which is incomplete in practice because its acquisition is *costly*, but which is completable in principle so that it can be said by itself to exist and so must always result in individuals making the most informed, the most economically rational decisions, with respect to their actions. No other decision, no other action open to individuals, can make them better off in the Paretian sense. At any time they have acquired just that *costly* knowledge which it is efficient for them to acquire. Economically unacquirable knowledge cannot affect decisions or actions. In principle, however, individuals can acquire all knowledge so that the economist studying such individuals can assume that they are always acquiring such knowledge as exists in an efficient way. The sequence of temporary equilibria is always an efficient path. Were this not the case, the individuals would not be doing what we see them doing, would not have the knowledge we claim them to have. If what agents are doing results in what is said to be an inefficient allocation, then the feasible allocations which are said to dominate the observed one must be too costly to attain and cannot be, therefore, Pareto superior (Rymes, 1979). Thus the possibility emerges that a complete theory of economic behavior or, the logic of constrained choice, indeed a theory of all human behavior or an economic theory of knowledge, is open to the economist (Becker, 1976, 1993). Economics, therefore, as a social science, rivals mathematical physics, a natural science for which now apparently the claim is made that, given the advances being made in the acquisition of knowledge, we might "... know the mind of God" (Hawking, 1988, p. 175). Davies (1992, p. 72) notes in his discussion of modern mathematics and physics that this is

> ...based on the assumption that the universe as a whole complies with certain well defined laws of physics. These laws of physics, which underpin physical reality, are woven into the fabric of mathematics, itself founded on the bedrock of logic. The path from physical phenomena, through the laws of physics, to mathematics and ultimately logic, opens up the beguiling prospect that the world can be understood through the application of logical reasoning alone. Could it be that much, if not all, of the physical universe might be as it is as the result of logical necessity? Some scientists have indeed claimed that this is so, there is only one logically consistent set of laws and only one logically consistent universe (Davies, 1992, p. 72).

Pareto-efficient allocations are the economist's logically consistent universe. In his theory and in his policy prescriptions and activities, I suggest, Keynes had a different conception of knowledge. His "knowledge" was *incompletable*. It was partly objective in that it existed independently of any caprice associated with human inquiry, and could be arrived at by rational human inquiry. But it was partly subjective in the sense that the human inquiry is endless, and must itself be unfathomable since it can never itself ultimately yield to human inquiry. If knowledge is completely objective, completely definite, the conception of human inquiry loses meaning in the self-referencing sense which implies that the conception is contained within the knowledge. If knowledge is completely subjective, the concept of human inquiry is a delusion. Knowledge which is not a meaningless delusion must be objective and subjective, must be in a dimension where both conceptions of knowledge coexist. Keynes's knowledge, I suggest, was an understanding of knowledge beyond that of the merely objective or subjective. It was a conception both definite and indefinite: it was human knowledge. This chapter is based on my interpretation of what Keynes was saying about knowledge. I "see" this knowledge in Keynes, and it is difficult otherwise to make sense of his theory and of his concern with policy.

Keynes was influenced by Moore's *Principia Ethica* ([1903] 1959). As an economic theorist Keynes addressed these questions: (1) What is the knowledge people are assumed to have when economists try to understand their various courses of action? (2) If knowledge consists of indefinite and vague, as well as of definite, knowledge, what effect does this have on the economists' view of how individuals determine their actions? The two central questions Moore posed were: (1) What is good? and (2) What is good conduct? In this essay I investigate the relations between the questions posed by Moore and Keynes. In terms of the question posed by Brennan and Waterman, Keynes's thinking was immeasurably affected by ethical questions. If the science of ethics touches the intellectual aspects of theology, then Keynes's analytical work was not so far removed from theological considerations as—according to Schumpeter whose view of "economic analysis" the editors take as definitive—are the techniques of other sciences.

1. Keynes as a Nonconformist

Keynes would have agreed with Moore's rejection of metaphysical ethics. Moore (1959, p. 110; italics in original) concedes that metaphysicians add to our knowledge by recognizing "...most clearly that not everything that *is* is a 'natural object.'" However, if there exists some supersensible reality, then

> [i]f it is not true that the existence of the manifestation will add something to the sum of good in the Universe, then we have no reason to aim at making it exist; and if it is true that it will add something to the sum of good, then the existence of that which is eternal cannot be perfect itself–it cannot include the whole of possible goods (1959, p. 117; see also Davies, 1992, 15).

While Moore would not seem to be denying the existence of a supersensible reality (otherwise we could only aim at making it exist by being foolish), he is certainly rejecting the idea that such a reality can be a guide to ethical conduct. Since what is good is important not only in its own right but also as a guide to human affairs, a concept of good which is not of *some* use in the conduct of good action would appear to be unhelpful to thinking about what is good and what is good conduct. Keynes would not have entertained the idea of a supersensible reality, independent of human knowledge and communion among individuals. Religion in this sense did not enter Keynes's life nor his economics.

But although Keynes was not a religious person, he commended church leaders for entering discussions about economic policies. Archbishop William Temple was concerned lest the church be accused of incompetent interference in economic affairs. On reading the galley proofs of Temple's *Christianity and Social Order* (1976), Keynes wrote to him:

> I should have thought that in Chapter I ["What Right has the Church to Interfere?"] you understated your case. Along one line of origin at least, economics more properly called political economy is on the side of ethics. Marshall always used to insist that it was through ethics that he arrived at political economy and I would claim myself in this, as in other respects, to be a pupil of his. I

> should have thought that nearly all English economists in the tradition, apart from Ricardo, reached economics that way. There are practically no issues of policy as distinct from technique which do not involve ethical considerations. If this is emphasised, the right of the Church to interfere in what is essentially a branch of ethics becomes even more obvious (Keynes, *cit.* Preston, 1976, in Temple, 1976, p. 9).

In his letter, Keynes stressed that churchmen were important in the development of political economy. The Reverend T. R. Malthus was, to Keynes, "...the greatest economist writing in the XVIII Century after Adam Smith," not solely for his theory of "effectual demand" but because Malthus (with the possible exception of William Paley) was the first Cambridge economist: in that tradition of economists who in Joan Robinson's words "...knew that the search was for fruit as well as light" (Robinson, 1962, p. 74; Keynes, X, 1972b). Keynes believed that Temple's "suggested programme" should be included in the Archbishop's book since "...it will add reality to the book" (Iremonger, 1948, p. 439). Keynes attributed to Malthus three characteristics of a Cambridge economist: an interest in ethics, a concern with reality and a commitment to theory. And he sums up Malthus in one of his greatest phrases: "In short, from being a caterpillar of a moral scientist and a chrysalis of an historian, he could at last spread the wings of his thought and survey the world as an economist" (Keynes, X, 1972b, p. 107).

2. Good and Doing Good

Concern for what is good or *Ideal* was an integral part of Keynes's life. By "Ideal," Moore meant a "...a right conception of Heaven would be a right conception of the Ideal: we mean by the Ideal a state of things which would be absolutely perfect" (Moore, 1959, p. 183). With respect to the Ideal, he argued that

> [i]t is...*possible* that we cannot discover what the Ideal is. But it is plain that, though this possibility cannot be denied, no one can have any right to assert that it is realised—that the Ideal *is* something unimaginable (pp. 184-185; Moore's italics).

And in the next sentence he states: "We cannot judge the comparative value of things, unless the things we judge are *before our minds*" (my italics).

By Ideal, Moore meant certain states of consciousness described not as the acts of, but the contemplation of, the pleasures of human intercourse and the enjoyment of beautiful objects. Such consciousness, such contemplation, and such enjoyment would be "there" but it is at least to be in the crucible of the search with others for the knowledge of good.

Yet Moore distinguished between Ideal good, "Human good" or Utopian possibilities, and a state of things in which one can distinguish which things are good. Ideal good, a timeless eternal good, is something that exists independently of human inquiry. In terms of human good and a state of things in which one can determine which things are good, Moore said of "...personal affection and the appreciation of what is beautiful in art or Nature..." (p. 188), that it is not the mere existence of the things themselves but also the appreciation and contemplation of the things, the consciousness of them, which matters. The promotion of such consciousness, such things as personal affection and the appreciation of beauty,

> ...these complex wholes *themselves,* and not any constituent or characteristic of them—that form the rational ultimate end of human action and the sole criterion of social progress: these appear to be truths which have been generally overlooked (p. 189; Moore's italics).

Moore continues,

> We can imagine the case of a single person, enjoying throughout eternity the contemplation of scenery as beautiful, and intercourse with persons as admirable, as can be imagined; while yet the whole of the objects of his cognition are absolutely unreal. I think we should definitely pronounce the existence of a universe, which consisted solely of such a person, to be *greatly* inferior in value to one in which the objects, in the existence of which he believes, did really exist just as he believes them to do; and that it would be thus inferior *not only* because it would lack the goods which consist in

> the existence of the objects in question, but *also* merely because his belief would be false (pp. 197–198; Moore's italics).

And importantly for my chapter, when Moore switches from the contemplation of beautiful objects to the communion with others he says,

> ...I think it is not paradoxical to maintain the superiority of reciprocal affection, where both objects are worthy and both exist, over an unreciprocated affection, where both are worthy but one does not exist, does not lie solely in the fact that, in the former case, we have two good things instead of one, but also *in the fact that each is such as the other believes him to be* (p. 198; my italics).

In Keynes's words,

> The appropriate subjects of passionate contemplation and communion were a beloved person, beauty and truth, and one's prime objects in life were love, the creation and enjoyment of aesthetic experience and the pursuit of knowledge. Of these love came a long way first (1972a, pp. 436–437).

With respect to action, Moore (and Sidgwick, 1962) defined ethical conduct as that "...which will cause more good to exist in the Universe than any other possible alternative" (Moore, 1959, p. 148).

There is a difficulty, I believe, with Moore's distinction between doing good and doing one's duty; though Dr. R. O'Donnell asserts, in correspondence with me, that they are conceptually the same in Moore. To do the good, however, entails an action the consequences of which must augment the possibility of the good. "Our 'duty'...can only be defined as that action, which will cause more good to exist in the Universe than any other possible alternative" (Moore, 1959, p. 148). To assess the possibility of doing the good one way or another, one had to contemplate and compare the consequences of one's actions "...throughout an *infinite* future." (p. 152; my italics). He argues that

> [a]n ethical law has the nature not of a scientific law but of a scientific *prediction*: and the latter is always merely probable, although the probability may be very great (p. 155; Moore's italics).

To Moore, this meant that in deciding between two courses of action it was impossible to say which would *necessarily* add more to the good. If one course dominated the other as far into the future, or the problem, as the human mind can peer, there always remained the possibility that an alternative course of action would turn out to be more productive of good than the seemingly dominant course. Faced with this, Moore fell back on "Rules and Conventions." One should respect property, one should be temperate, keep one's promises, and so forth. To do good one might be obliged, for lack of knowledge, to do one's duty: not in the sense of performing an action—because, Moore says (p. 149), that in the face of incomplete knowledge "...we never have any reason to suppose that an action is our duty: we can never be sure that any action will produce the greatest value possible"—but rather in the sense of following a rule. Moore argued that such rules had two characteristics: first, that a *general* observance of them *would* be good as a means to the attainment of the good; secondly, that one can defend them independently of the question of what is good in itself. He argued that

> [o]n any view commonly taken, it seems certain that the preservation of civilised society, which these rules are necessary to effect, is necessary for the existence, in any great degree, of anything which may be held to be good in itself (p. 158).

To augment good when it is known how to do so cannot be described as one's duty, even when one has a choice, since doing good and the duty to do good would be the same. When one doesn't know definitely, one is obliged to do one's duty, that is to follow Rules and Conventions, which come into wide replacement for not knowing how. The argument about rules appears in a chapter of the *Principia* entitled "Ethics in Relation to Conduct" of which Keynes, in his "My Early Beliefs," states he and his Apostle friends "...took not the slightest notice" (1972a, p. 436). There is dispute about how correct Keynes was in his recollection if we interpret his concern with ethical action as following on Moore's writing in a chronological sense (Moggridge, 1992, Appendix 1); but it might be correct in the sense of being influenced by its spirit.

Can the conceptions of "good" and "doing good" be separated? Good is "...simple, unanalyzable, indefinable." Yet can the good not yield to human inquiry? If love is good, as Keynes's statement and—I should argue—his life would attest, then although love is certainly an organic unity and cannot be analyzed into the sum of its parts, yet it is not something given, not necessarily caused by but not independent of human communion. Love, an unfathomable illumination, may be Ideal, but I cannot deny it to be possible of human communion. Christians would say that such love is limited compared with that of God, but even so it is possible to set beside Moore's position the argument that if knowledge is incompletable, human inquiry can explore the depth of love in uncharted ways. On the other hand, if knowledge is assumed to be completable, to be "there," then good in Moore's Ideal sense may also be "there," not yielding to human inquiry. Perfect love differs, then, from human communion. Is this tenable? Good may be simple, unanalyzable, indefinable, but yet it may yield to human inquiry. In my view it is unacceptable to argue that good is good and that's that, and that what is good conduct may yield to Rules and Conventions because of incompletable human knowledge, without at the same time admitting that the same incompleteness of human knowledge may weaken the conception of definite or Ideal knowledge as being independent of human communion. Is the conception of Platonic good inconsistent with human knowledge? Professor B. W. Bateman argues in correspondence that I am "dead wrong" in suggesting that Moore's conception of good is subject to human communion and may yield to human inquiry. Moore's Ideal *is* objective, is independent of human inquiry, not just in the sense of being caused by inquiry but not even coexistent with it. Moore himself reports (1959, p. 199) that "Perfect knowledge has indeed competed with perfect love for the position of the Ideal." Moore does not argue for this. Indeed, he argues that knowledge itself may have little value. But knowledge of the qualities of the other, both mental and corporeal, would contribute to love in human good. Perfect love as contemplation alone absents the other. If love is not without the other, then perfect love as Ideal and Human love seem to me to be both a human Ideal and not inconsistent with human inquiry. Perfect love, such as the love of God, is far from perfect, as Moore says, if God does not exist. I can say Perfect Love exists, I can "intuit" Love while yet admitting that it may yield to human inquiry.

Keynes had to deal with the problem Moore was raising, the determination of a course of action promoting good when the outcomes could only be known in a probabilistic sense. On the question of conduct, Keynes reports in "My Early Beliefs" (1972a, p. 446) that

> We entirely repudiated a personal liability on us to obey general rules. We claimed the right to judge every individual case on its merits, and the wisdom, experience and self-control to do so successfully. This was a very important part of our faith, violently and aggressively held, and for the outer world it was our most obvious and dangerous characteristic. We repudiated entirely customary morals, conventions and the traditional wisdom. We were, that is to say, in the strict sense of the term, immoralists.

Aspects of Keynes's life were sordid (Moggridge, 1992, p. 216) by conventional standards, and his comprehension of Lawrence's "...misery and hostility and rage..." (Garnett, 1972, p. 431) illustrates that he knew this, albeit imperfectly. Was it Keynes's homosexuality Lawrence abhorred or was it, as Keynes thought, more the clever brittleness of Cambridge and its practitioners, its black-beetles, that led Lawrence to want to "...sit and howl in a corner like a child"? Was Lawrence's antipathy toward Keynes mainly because of his homosexuality, exacerbated by Keynes's appearing before him "...blinking from sleep, standing in his pyjamas," or primarily because of Keynes's appearance as "....hard, intellectual, insincere"? Garnett (1972, p. 430) described Lawrence as a "...prophet who hated all those whose creeds protected them from ever becoming his disciples"; and as a rationalist and scientist, Garnett was "...repelled by his intuitive and dogmatic philosophy, whereas the ideas of my friends from Cambridge interested and attracted me."

Defence of codes and conventions goes far deeper than conventional morality. Keynes argued that Moore's disciples were Utopians who

> ...repudiated all versions of the doctrine of original sin, of there being insane and irrational springs of wickedness in most men. We were not aware that civilisation was a thin and precarious crust erected by the personality and the will of a very few, and only maintained by rules and conventions skilfully put across and guilefully preserved. We had no respect for traditional wisdom or the constraints of custom. We lacked reverence... (1972a, p. 446).

Keynes's reason for rules and conventions is a departure, I believe, from the reason for their existence in Moore. The use of rules and conventions in Moore was not to serve as a bulwark against evil: they permitted action where the certain knowledge required for decisions about how to achieve the greatest good simply could not be obtained. Rules and Conventions have emerged from the crucible of the search for knowledge, and may be the best guide for conduct, which it is one's duty to follow even though this cannot be proved to be the case. Some say that Keynes came to accept this (Littleboy, 1990; Bateman, 1991); but that these are a bulwark against evil as well as against human caprice was a Keynesian, admittedly a mature Keynesian, extension. Keynes had no trouble with submitting politicians and central bankers to Rules if it appears that the institutional forms in which such persons emerge are conducive to opportunistic discretionary behavior which might make everyone worse off. Why such institutional forms should exist is the much more fundamental question Keynes would first ask before agreeing to rules to constrain them.

3. Criticism of Moore

> If I am asked "What is good?" my answer is that good is good, and that is the end of the matter. Or if I am asked "How is good to be defined?" my answer is that it cannot be defined, and that is all I have to say about the matter (Moore, 1959, p. 6).

The "good" is subject to definition but "good" is not. We can say that good is love or the contemplation of beauty—one can engage in discourse as to what is to be loved and what might be a beautiful thing; that is, one can break up objects of love and beautiful things into their analytical parts—but good itself, for Moore, has no parts and is indefinable. Yet it seems arbitrary on Moore's part so to restrict good. The discussion by individuals as to the good, such as what is the love of a person and the contemplation of beautiful things, may help to yield a deeper intuition as to good. Later, Moore (1966, p. 86) argued that

> ...to say that a state of things is intrinsically good cannot possibly be the same thing as to say that anybody has any kind of feeling towards *it*, even though no state of things can be intrinsically good unless it *contains* some feeling towards *something*.

Keynes himself tells us that in his undergraduate days

> [n]othing mattered except states of mind, *our own and other people's of course*, but chiefly our own. These states of mind were not associated with action or achievement or with consequences. They consisted in timeless, passionate states of contemplation, largely unattached to 'before' and 'after.' Their value depended, in accordance with the principle of organic unity, on the state of affairs as a whole which could not be usefully analysed into parts (1972a, p. 436; my italics).

States of mind in *communal* contemplation involve deeper knowledge than a state of mind by itself "...chiefly our own." Indeed, it cannot be the case short of mysticism that Moore's individuals could contemplate Ideal in isolation. I believe that in Keynes what is good and the good are not independent of the states of mind of communing individuals. If the depth of inquiry for each is not independent of intercourse with the other, then good, though undefinable and whole, is not independent of that communion. Good is both given, and individual and social; the communion of minds and that communion; organic in the sense of not necessarily being a sum of its parts. It is undefinable yet always susceptible to inquiry. Since good both is given and is a product of states of minds, it cannot be solely a known or intuited final entity but must also be subject to understanding. Not only the "Human Good" and such things as are good, but also the Ideal must yield to inquiry.

Moore argued that doing good is confounded by probabilities; therefore, actions may take the form of Rules and Conventions. For

Moore, actions are at a different level from that of timeless contemplation since actions are subject to the practical indefiniteness of knowledge, whereas states of mind are not subject to such limits. The problem is seemingly concerned only with the passage of time. This, I believe, is a mistake. The limitlessness of knowledge is connected not only with the passage of time but also with the limitlessness of minds in understanding. The good—to which debate, discourse, and continued intellectual inquiry may always reveal a new depth of intuition—confronts exactly the same problem as the conduct of ethical action: communion is not subject to definite knowledge but has an uncertain and unknowable outcome. One cannot contemplate the good with others without recognizing that the outcome is not determinate. An even deeper love, a deeper intuitively grasped good, cannot be ruled out from such social communion. The I/Thou relationship is both real and yet unfathomable and indeterminate. Two persons, contemplating love in Moore's sense, cannot have complete knowledge of each other. The deeper the communion, the deeper the knowledge. But it is not meaningful to say that one can completely know the other. For if knowledge of self depends on knowledge of the other, one can never completely know oneself. (Buber, 1959). Moore himself later realized ([1923] 1966, p. 86; italics in original) that

> ...to say that a state of things is intrinsically good cannot possibly be the same thing as to say that anybody has any kind of feeling towards *it,* even though no state of things can be intrinsically good unless it *contains* some feeling towards *something.*

Keynes rejected Rules and Conventions as solutions because he feared a reduction in the level and intensity of continued inquiry into knowledge associated with their adoption. He feared that Rules and Conventions might be adopted not so much as devices to ward off evil, as means of escape from the never-ending and exhausting intellectual task of probing ever more deeply into ethical knowledge and action. How few there are like Newton, who could "...hold a problem in his mind for hours and days and weeks until it surrendered to him its secret" (Keynes, 1972d, p. 365). Rules and Conventions have also their element of human caprice. In his *Treatise on Probability* ([1921]

1973a), Keynes tried to develop the argument that knowledge, when not demonstrable, might be definite probability relations. Such relations, though different from demonstrable knowledge, would be definite logical relations subject to reasoning among rational individuals—subject, I would say, to the same reasoning among individuals as would be their communion about good. Keynes argued that probabilistic statements were rational; that they were not subjective in the sense of being the product of mere whim and human caprice; that they were not merely probabilistic statements, naturalistic or definite, in the sense that such statements were ascertainable from the senses: but that they were definite *and* were subject to human communion. Statements of probability, not reducible to frequency statements, could still be arrived at by rational individuals, and though they might be, were not necessarily the result merely of subjective, individual eccentricity.

Keynes introduced the concept of the *weight of the argument* into his statement about rational belief. This concept permits communing individuals to ascertain the weight to be attached to logical statements about probabilities, their degrees of belief about relations. Inquiry may lead individuals to revise their estimates of probabilities or leave them unchanged, but the weight of the argument increases. Yet because both the logical relations and the weight of the argument always emerge out of our intellectual communion, one can never say that the weight has reached some maximum. (In a world of demonstrable knowledge, when Prob a/h = 1 or 0, one can say that the weight has reached a maximum; but when Prob a/h = 1 and we possess perfect certainty, the argument needs no support from human inquiry or communion.) One may even argue that the variance—a measure of confidence I have in my statement of the probabilistic relationship—is lower. (Keynes was not unsympathetic to statistical inference. See O'Donnell 1990a, b; 1991b, c, d.) However, that is not the same as saying that the weight of the argument is greater. I may even revise my probabilistic relation downward, argue that it is less reliable, yet still say that the weight of the argument is greater.

That the weight of the argument is the result of human communion does not mean that it is *necessarily* subject to human caprice, that there are many equally reasonable beliefs as to its weight. It is something which, as with Keynes's rational degrees of belief, "...exists in an external realm of philosophical concepts and does not reside *solely* in the subjective mind of the individual" (O'Donnell, 1991b; my italics). Yet again one asks: Can the external realm of philosophical concepts exist *entirely* independent of human inquiry? Does weight reside *solely* outside the subjective and *solely* within the objective world?

One can argue that the probability relations are objective relations arrived at by communing individuals and are expressions of consistent degrees of belief: something to be discovered but not uncovered by the communion among individuals. Yet "good" in Moore's and "knowledge" in Keynes's sense cannot, it seems to me, be entirely independent of a "human logic" (see Keynes, 1972c; Bateman, 1991; O'Donnell, 1990; and Gerrard, 1992). They are not "there" independent of the human mind, but are not just caprice. For as human minds probe more and more deeply into the meaning of "good" and "knowledge," some *limited* agreement is arrived at as to what their objective meaning may be. Agreement that can be expressed in definite or probabilistic language can be arrived at when Rules and Conventions are adopted that permit us to do so. Rules of logical discourse permit us to reach a definite conclusion. Such Rules and Conventions must always be being re-examined for their validity, and to determine whether further inquiry might permit the adoption of better Rules and Conventions for the understanding of good and knowledge.

Keynes was aware that Rules and Conventions preserve individuals from making decisions which are inconsistent, since binding duties prevent individuals from behaving in ways which result in all being worse off. If individuals act capriciously, therefore, Rules should be followed until the ongoing discussion reveals the possibility of better decisions (Gordon, 1991, pp. 262–264). Rules and Conventions more importantly are a temporary substitute for the deeper knowledge which arises from ongoing human inquiry. We must contemplate and act on what we know now, expressed as conventional beliefs. But we are always re-examining these beliefs because they are the result of constrained human inquiry, such constraints themselves yielding to that inquiry.

It can be argued that there are but two conceptions of knowledge, one objective and one subjective. Objective knowledge, like Moore's Ideal, is independent of human inquiry. Subjective knowledge becomes very much a function of human inquiry, even of caprice. One can argue that Keynes moved from the first to the second, that Keynes did change his view as to what knowledge was. However, if Keynes is said to have held the first conception initially, one must argue that his economics was originally of that type: that is to say, it was based on the idea of completable knowledge. If he changed his mind, and Keynes was certainly wont to do that, then one has to argue that his economics became subjective and is subject to all the criticisms which can be directed against such a potentially nihilistic view of the world. Certainly Keynes came to accept a function for Rules and Conventions as a bulwark against evil, yet still believed that Moore's "religion" "...was a very good one to grow up under. It remains nearer the truth than any other that I know..." even though it "...carried the individualism of our individuals too far" (1972a, p. 442). I believe that Keynes embraced both conceptions of knowledge simultaneously.

4. Keynesian Economics

Keynes's conception of knowledge carried over to his *monetary* economic theory and economic policy. Keynes asked: What is meant by a monetary theory of value; what is meant, that is, by a monetary equilibrium; and is discretionary economic policy possible?

Unemployment in Keynes's sense means not just the unemployment of working but of waiting as well. That is, an involuntary unemployment equilibrium in Keynes's sense means that if the level of aggregate demand were higher, *both* the volume of working *and* of saving (or waiting) which individuals would supply for reward would be higher. The problem in Keynes with waiting and with the theory of the rate of interest as the reward for waiting, is that they are connected with his concept of "liquidity," arising not so much out of the problem of uncertainty in the probabilistic sense as from the problem of the incompleteness of knowledge.

Keynes's concept of an unemployment monetary equilibrium has been attacked with apparent success as bad economics, inconsistent with the fundamentals of endowments, preferences and technology, and completable knowledge which are the foundations of economics as an objective theory of constrained choice. If Keynesian "unemployment" could exist, we should not observe the nominal wages and prices that we do see. Lower money wages and prices might be associated with interest rates sufficiently lower but *must* be associated with real wealth and a level of aggregate demand such that a full employment equilibrium consistent with unchanging money wages and prices would prevail. One can admit that nominal magnitudes are not alterable in a costless way, but unemployment cannot be defined independently of such costs. Unemployment is natural and efficient. The sequence of such equilibria, which Patinkin (1989) calls disequilibrium macroeconomics, remains efficient and is not in the set of Keynesian monetary equilibria. This criticism of Keynes rests on the assumption that observed monetary arrangements are consistent with the idea of an *outside* money, or that monetary arrangements are part of, or can be made part of, the objective fundamentals of the economic system. As Keynes indicated in *A Treatise on Money* ([1930] 1971b), with inside money all nominal magnitudes are indeterminate. It is the social convention of outside money, more properly the social convention of the assumed behavior of the monetary authorities, which sets the level of money wages and prices in a closed economy. In Keynes the behavior of the monetary authorities, through their control over nominal magnitudes, represents the social conventions which determine the constraints governing the "real" behavior of individuals.

In a monetary economy, statements of ownership—that is, statements of the constraints which determine the wealth of all agents—are expressed in nominal terms, the conventionally acceptable measuring rod. Any agent's borrowing capacity or wealth is related, among other things, to financial accommodation determined by what other individuals, suppliers of funds in the form of bond and equity purchases and bank loans, believe are the best conventional estimates of the wealth of that agent. These conventional estimates are never independent of beliefs with respect to such nominal values of their wealth which themselves result from the conjectured activities of central banks. Bank loans for individuals and firms are "personal" because of "asymmetric" information. Fundamentally, though, it is not possible for an outsider to state what the banker and the borrower "know." It is not possible for any individual to "know" the other completely. I can never, therefore, completely constrain your behavior. I can constrain the behavior of a class of individuals, but then the "moral hazard" problem arises because I cannot know the individual completely. The value of such loans is determined by the individual borrower and banker, arriving at a mutually acceptable understanding as to the net worth of the borrower. One of the factors determining such loans is the willingness of depositors to hold deposits, such willingness being a function of the liquidity, not of bank deposits but rather of the confidence of depositors in the nominal value of the banks' liabilities, or the "liquidity" of the banks. This confidence is a function of the extent to which banks are insured under deposit insurance schemes, which rest even more fundamentally on the access which banks have to the lender of last resort (Diamond and Dybvig, 1983). Such services cannot be calculated on the basis of deterministic or even probabilistic knowledge. They can only be known as part of the ongoing social construction of knowledge: that is, the conventions by which the monetary authorities ascertain the likelihood of, and assistance to, banks experiencing illiquidity. A complete *ex ante* distinction between *insolvency*—in which case bankruptcy proceedings are initiated by the monetary authorities—and *illiquidity*, which calls forth all the judgment of the monetary authorities, is not possible. We cannot say, without conventions, what is meant by insolvency and illiquidity. The provision of liquidity services by central banks or monetary authorities is precisely what Keynes discussed in Chapter 17 of *General Theory* ([1936] 1973b) and in his famous restatement ([1937] 1973).

The provision of liquidity services through the banks, not by the services associated with the reserves or money balances issued by monetary authorities but more properly the services of those authorities, is the crucial aspect of Keynes's monetary equilibrium. The immediate implication for economic theory is that a Keynesian monetary equilibrium reflects not only such traditional fundamentals as endowments, tastes, and technology, which are the principal determinants of the general equilibrium theory of value (Leroy, 1989), but also a knowledge of the net worth of individuals as determined by the interaction of the communal beliefs of the individuals, banks, and monetary authorities (Rotheim, 1993). The set of prices and interest rates—the values of a monetary economy—are determined not only by endowments, tastes, and technology but also by the beliefs of individuals exercised privately and collectively through such institutions as monetary authorities (Rogers, 1994). Involuntary unemployment may arise in Keynesian equilibrium because of excess demand for liquidity, which can only be eliminated if individuals and authorities are able to agree on the knowledge consistent with an equilibrating supply of liquidity services. There is no unique Keynesian equilibrium, nor can his equilibria be ordered by the usual Paretian criteria. I can say that a Keynesian involuntary unemployment equilibrium exists, but what I cannot know either deterministically or probabilistically is whether another allocation exists at which all would be better off. I can argue that another equilibrium exists in which unemployment would be lower but I cannot, by the nature of the problem of knowledge, prove or convince a doubter. I claim that Keynes's idea of monetary equilibrium is consistent with my conception of Keynes's knowledge and Moore's conception of good.

Indeed, a problem of which Keynes was aware is of how monetary authorities might preserve monetary stability (say, in the sense of zero inflation, one of the conventions which Keynes both supported and criticized) whilst at the same time reexamining the Rules (including that one) that might inhibit movement from one Keynesian equilibrium to another. That Keynes was an advocate of monetary stability (Meltzer, 1988) can be seen from his *Tract on Monetary Reform* ([1923] 1971a) where he argued against the distortions and insidiousness of the inflation tax and warned about the temptation to the authorities, unfettered from the need to preserve monetary stability, to impose such losses upon the economy. Keynes recognized that such a Rule might have to be abandoned as the community sought to supply the amount of liquidity services consistent with his later *General Theory* conception of monetary equilibrium. He fully recognized the dangers of inflationary finance. Here was an illustration of his view that whereas Rules and Conventions have a role in offering protection from caprice, they must at all times be subject to continued discussion and evaluation. Since the Rules and Conventions are human constructs, they, too, might be the product of caprice. We must always be inquiring ever more deeply into good conduct.

One cannot submit the conduct of monetary policy entirely to Rules and Conventions not only because they are subject to human caprice but more fundamentally because the knowledge on which they are based can never be complete. Discretionary policy on the part of the authorities is possible because a Keynesian equilibrium is not solely a definitely and logically constrained equilibrium. A constrained equilibrium, in the sense of an efficient equilibrium which assumes only definite knowledge, cannot exist. Discretionary policy and Pareto-efficient equilibria are contradictory. A Keynesian equilibrium is a conventionally constrained equilibrium always yielding to human inquiry.

5. Conclusion

In Moore's thought, good may not be attainable, yet it is something imaginable. It is "there." I claim it is subject to human inquiry. In Keynesian economics, equilibrium goes beyond constrained equilibrium because the constraints individuals impose on themselves in seeking to achieve the fruits of individual action were the product of illimitable and unfathomable human knowledge, inquiry, and imagination. Monetary Rules and Conventions play an important part in Keynes's economics in warding off the evils of human caprice, but they are always open to continued examination. In Moore, ethical conduct might require Rules and Conventions because of incompletable knowledge of the outcome of ethical actions. In Keynes, the strength of Rules and Conventions as devices to prevent cruelty, evil, and caprice are recognized. But the reason for such Rules and Conventions arises not because probabilistic statements are themselves subjective (for Keynes argued for a dimension of knowledge in which probabilistic statements were logical statements, or relations to which communing individuals could arrive) but rather because there was a further dimension of human knowledge which goes beyond: a dimension of knowledge indefinite and vague. That dimension of human knowledge permitted behavior which cannot be described as completely constrained, not solely a product of the Bethamite calculation but rather behavior that was the conventionally constrained product of ongoing human inquiry. His conception of monetary equilibrium, I believe, was linked fundamentally to Moore's concepts of Ideal and Human Good. His view of economic policy, particularly monetary policy with its focus on the discretionary provision of liquidity, *was* discretionary policy and was linked to Moore's ethical conduct; whereas policy which is determined by Rules and Conventions, even if conditional, is essentially nondiscretionary. Keynes's conception of knowledge entails the possibility of discretionary policy, including but going beyond Moore's Rules and Conventions. Keynes's knowledge went beyond Moore's Ideal.

PART TWO: INTERPRETATIVE ESSAYS

9 The Impact of Theological Predispositions on Economics: A Commentary

H. Geoffrey Brennan

What do the case studies before us tell us about the relation between theology and economics? They suggest to us, I want to argue, that there are many possible such relations, many different ways in which economists' theology might be implicated in their economics. One of my aims in this commentary is to isolate some of those ways. The other is to indicate what these possibilities seem to imply for economics as an intellectual discipline. I have chosen *seven* such possibilities, partly because seven is a standard mystical number, and partly because the seven possibilities exhaust my own creative capacities. I will also, where possible, attempt to attach the possibilities to the various case studies.

1. Some Fairly Unproblematic Cases

1.1 The First Possibility: Justifying Economics Theologically

Begin with Philip Wicksteed, and with his insistence on the ubiquity of choice and the commensurability of all tradeoffs in terms of a single unit of value (Chapter 5). Wicksteed's views on these matters are reasonably standard, and are echoed in Knight (Chapter 6; and 1922) and for that matter in most modern economics, though Wicksteed's statement remains perhaps the most detailed and elegant. One clear implication of Wicksteed's position is the necessity of justifying the study of economics in theological terms. The study of economics absorbs intellectual energy, creative imagination, and time. That fact is something to which all the case studies testify. Energy, imagination, and time are scarce resources that could have been devoted to more overtly religious activities—including, but certainly not exhausted by, the study of theology. If religious economists are to justify the study of economics in the terms to which their own intellectual schemes commits them, they must provide an account of the *religious* value of their economics. Indeed, as Wicksteed made clear, even if they provide no such account, an assessment of the value they place on economic study in terms of more overtly religious activity foregone can be induced from their conduct. Actions speak louder than words. But because economists are aware of this fact, because they carry with them a lively sense of the necessity of choice, of opportunity cost, and of the logical connection between values and action, they will hardly be able to suppress the desire to provide a coherent account of the religious value of how they spend their time and energy professionally. Some account of the theological significance of economics as a field of study will be unavoidable.

For example, when Richard Whately writes to his friend and mentor, Edward Coplestone, concerning his (Whately's) decision to accept the Drummond Chair at the University of Oxford, he seeks to justify that decision in specifically Christian terms: Whately thinks it important to the religious enterprise to save economics ("which sooner or later will rule the world") from the utilitarians (Chapter 3). Equally, John Bates Clark is identified by John Henry (Chapter 4) to be driven by a "religious imperative." Neither Knight nor Keynes provides any theological justification for his economics, but of course neither of them had religious convictions. In a sense that fact supports my claim. The religious economist will be led to justify the pursuit of economics as a theologically significant enterprise, to locate professional activity in a wider, religious world-view. The nonreligious economist will not.

1.2 The Second Possibility: Economics as Inspiration

The religious person is commonly (possibly invariably) one with a particular set of sensibilities, among which is a tendency to discern the hand of God in the world. For the economist, that world involves both "the economy" and models of the way "the economy" works. Strange as it may seem to the uninitiated, it is possible to see the hand of God in the working of the economic system, and some economists have indeed done so. Adam Smith's constant reference to the "benign deity" may merely represent a convenient way of avoiding explaining things he did not wish to explain. But another interpretation is possible, namely that Smith actually discerned in the social order the "invisible hand" of God. Certainly, many of Smith's heirs—Malthus perhaps, and Malthus's contemporaries such as Paley, Sumner, and Chalmers—did interpret Smith's invisible hand in such terms. For them the social order, no less than the structure of the snowflake or the beauty of a flower, was seen to reflect something of the order and beauty of the divine nature. Steedman (Chapter 5) reports that for Wicksteed, "economic organization had a spiritual significance, as the division of labor and mutual service gave expression to people's status as children of God." John Henry's report of John Bates Clark's attitude to the competitive market and its distributional properties carries a similar spirit (Chapter 4). This is a second way, then, in which religious economists' theology may get caught up with their economics: the economy, at least as understood in certain ways, may be a source of religious inspiration.

1.3 The Implications of Possibilities 1 and 2

It may be useful at this point to dispose of these two possibilities as threats to the "scientific integrity" of economics as a discipline. To do so will help establish, more or less at the outset, that not all of the ways in which economics might or might not be "immune from theology" are methodologically or epistemologically troublesome.

To see this, let us focus on the fact that the predicament of religious economists in providing a theologically satisfactory account of their professional activities, and possibly in perceiving God in their subject matter, is no different from that of religious physicists—or for that matter, of religious beekeepers. Neither the physics nor the honey is necessarily "corrupted," methodologically or otherwise, because some physicists or beekeepers see their professional activity as a central aspect of their religious vocation, or find in that activity devotional inspiration. The physics is to be assessed by professional peers by reference to the practices and criteria of the game we call "science," and in that arena neither motive nor emotional state is at all relevant. The honey is to be assessed by reference to its flavor. What the religious physicist does not believe, presumably—and certainly need not believe—is that religious beliefs affords any special access to scientific insight. If science is seen in vocational terms, one can "play the game of science" with special determination and dedication; and if one sees the pursuit of scientific enquiry as revealing something of the nature of God, one can approach it with greater energy. Nevertheless, the physics remains physics, the honey, honey; and within the professional terms that physics is understood, it remains nothing else. At this level, then, economics is not different from physics; and being "like physics" in this sense will be sufficient, most economists would take it, to establish the epistemological integrity of their discipline.

Of course, modern argument may well make physics out to be a good bit less robust epistemologically than many economists may like to think, but these arguments have little to do with whether physicists justify their activities in religious terms. The simple point is that arguments in justification of an activity are distinct from the defining characteristics of the activity itself. The question: Is cricket worth playing? is different from the question: Is this good cricket? It is simply a mistake to think that criteria used to answer the first question need intrude in answering the second.

1.4 The Third Possibility: Theology as a Source

A third possibility of the way in which theology may impinge upon economics lies in the prospect that notions drawn from theological enquiry might provide ideas or techniques of analysis that turn out to be useful in economics. One of the case studies before us provides an example of this kind, though the source in question is not strictly theological. The case I have in mind is that of Keynes. As Rymes tells the story (Chapter 8), Keynes derived a deep skepticism about the availability of knowledge from Moore's idealism. Keynes's own early work in the probability theory reflects that skepticism which then reappears as an influence upon Keynes's macroeconomic theories, in which the distinction between planned (*ex ante*) and realized (*ex post*) magnitudes plays a central role. The impossibility of accurate prediction, the ubiquity of disappointed expectations, the significance of widespread ignorance—these crucial features of the Keynesian model —all reflect, in Rymes's view, Keynes's earlier brush with Moore's moral theorizing and his own attempt to construct a rigorously *non-religious* ethic. It is, of course, conceivable that other examples of a specifically religious or theological kind might be provided but they would add nothing. The critical question here is whether this kind of influence of ethics or theology on economics raises methodological problems. I believe that it does not. Had the theory of gravity been inspired by a copy of the Koran's falling on Newton's head, rather than by the legendary apple, would the fact that it was the Koran have been of any significance? Creative scholars derive bits and pieces of insight from all kinds of sources and, provided that those insights prove useful in the (secular) arena in which they are applied, I cannot see that their origin is anything other than incidental. If, for example, Keynes had derived his convictions about ignorance and knowledge from experience of his mother's compulsive gambling, rather than from a study of Moore's idealism, would that have made Keynes's analysis any more or less "positive"? Specifically, does the source of the initial intuition matter for the epistemological character of the analysis? Only if it does, only if the source is seen to be systematically authoritative *by virtue of being that source,* would any possibility of a methodological problem arise. Or so at least it seems to me.

2. Facts and Values

2.1 The Fourth Possibility: Economics as "Fact"—Theology as "Value"

Perhaps the most natural way for the economist to think of the relationship between economics and religion is in terms of the fact-value disjunction. The idea here is that economics provides the factual analysis and theology provides the framework for values. On this basis, given the distinction which is standard for economics between "facts" and "values," any theology can cohabit with any economics perfectly happily. In particular, the truth-claims of any economic proposition can be settled independently of the religious/theological stance (if any) that the economist may hold. Of course, those who dispute the coherence of the fact-value divide will hardly find any such possibility of interest. However, it seems to me that it was exactly along these lines that Whately took his methodological stand (Chapter 3). And Whately's motivation was precisely that he saw the normative element abroad in the economics of his time to be defective. On this reading, religion may conflict with (or support) the "welfare economics" aspects of economics, but the "purely positive" elements in economic analysis would be unaffected. Whether religion is troublesome for the autonomy of economics then depends on whether the fact-value disjunction can be sustained in economics, and—if it can be sustained—whether what is left when the value element is carved out is anything that practising economists would recognize as their own. Certainly the economics thus remaining would be incapable in itself of indicating any direct policy advice. Ideas such as "economic efficiency," "Pareto optimality," "distributive justice," "individual sovereignty" would all have to go. And it could not even be presumed that a religiously grounded ethic which might replace those ideas would be such as to find standard "positive" economic analysis useful. That is, it might be that the religious ethic was one for which economic consequences were largely irrelevant. In that event, positive economic analysis would remain intact as a "scientific" enterprise, but the questions it was capable of answering would be deeply uninteresting ones. This is not a possibility that Whately would have regarded as likely (any more than I would); but a normative economics composed of a religious ethic plus the standard positive analysis where relevant could look very different from the kind of economics we find in the mainstream textbooks. The epistemological autonomy of positive economics may be bought at a fairly high price.

2.2 The Fifth Possibility: Values in the Economic Domain

One anxiety that might arise about whether any fact-value disjunction can be drawn coherently in economics lies in the undeniable fact, one that both Knight and Wicksteed make clear, that human values themselves constitute part of the subject matter of economics. As Knight puts it: "economics and ethics naturally come into rather intimate relations with each other since both recognizedly [sic] deal with the problem of value" (1922, p. 454). Moreover, "The idea of a distinction between economic wants and other wants must be abandoned.... All ends and motives are economic in that they require the use of objective resources in their realization" (p. 468). Equivalent quotations from Wicksteed could be provided. Values, preferences, desires: these determine both the demand and the supply sides of the economic system. The way in which the economic system operates to coordinate those values, preferences, and desires is a central part of our scientific agenda. Now the fact that the domain of a study includes human values does not logically commit that study to be normative in method. A purely descriptive account of the values exhibited by a set of persons is logically possible. Sociologists, and indeed economists who study systems of demand, claim to provide such accounts routinely. A study of values, in other words, does not commit the student to evaluate the values so studied, nor does it necessarily involve the student in subjective procedures that do not admit total replicability. Nevertheless one might be worried that a strictly "scientific," descriptive account of those values is psychologically implausible. After all, objects of value are so because they elicit desire in human subjects. It would hardly be surprising if the values of others which one studies should elicit a sympathetic (or hostile) response in the observer which might obtrude into the analysis. The physicist would not be expected to sympathize with the bombarded molecules of radioactive matter; the bee-keeper will not be tempted to evaluate the motives of his bees. But the social scientist is differently placed with respect to the objects of study, and this fact may put a greater strain on the requirement of objectivity.

Suppose we were to concede this. What would be lost? We should certainly not have conceded that a fully objective economics was logically impossible. Whately's claim that economics enjoys a kind of logical autonomy would not be imperiled. We would simply be conceding that economists face particular difficulty in adhering to the rigorous requirements of their own methodology. Economics, on this reading, is *not* "what economists actually do," but rather what they strive to do when they are trying to do economics at its best. That the two are not the same—that methodological sin abounds—is not an unimportant fact (and actually bears on the argument that follows), but too much can easily be made of it. Even if it proved impossible to keep subjective elements at bay or maintain the analysis free from intrusion of the analyst's own values, the aim of minimizing such intrusion might still be a worthy one. Debate on methodology in economics often proceeds as if the only issue at stake were whether economics as practiced is value-free. However, the practically relevant methodological issue may be rather whether greater objectivity in approach and method is desirable. To show that some subjectivity is almost invariably present does not invite the conclusion that anything goes. As Paul Samuelson remarked in a different connection, to say that something does not lie at the North Pole does not locate it at the South. In summary, then, although the fact that human values are part of the object of study in economics may make it more difficult to obey relevant methodological strictures, I do not see this fact as creating methodological problems in itself. A positive analysis of actual moral attitudes is not the same thing as normative analysis, even if such a positive analysis is difficult to deliver.

3. Rationality and Agency

3.1 *The Sixth Possibility: Rival Accounts of "Rationality"*

I come now to an aspect of economics where it seems to me that economics and religion are in direct conflict. This aspect involves the rival accounts each provides of the connection between behavior and value—about the "rationality" of human agents. Since rational-actor assumptions are fundamental in economics, this conflict is a matter of considerable moment. My aim here is to describe the conflict briefly, then to suggest what the methodological implications might and might not be.

It is routine in economic analysis to treat action as explicable in terms of belief and desire. In its "thinnest" form, this is what rationality consists of. In most formulations, "desire," "taste," "preference," and "value" are all taken to designate the same thing. The strongly behaviorist thrust which receives its most characteristic account in the "revealed preference" tradition in modern microeconomics takes it as given that value is what is "revealed" in behavior. Since behavior is single, so must be desire=taste=preference=value. As Kenneth Arrow (1984, p. 60) puts it:

> One might want to reserve the term "values" for a specially elevated or noble set of choices. Perhaps choices in general might be referred to as "tastes." We do not ordinarily think of the preference for additional bread over additional beer as being a value worthy of philosophic enquiry. I believe though that the distinction cannot be made logically.

At one level, it may seem that Arrow (and the revealed preference tradition he represents) is merely echoing Wicksteed and Knight in their insistence on the commensurability of all values. But I think this would be a misreading, because it is clear that neither Wicksteed nor Knight believed that action reliably reveals agents' values. It is one thing to argue that values of various kinds are fully commensurable and could be subsumed under a single ideal action; quite another to claim that that ideal action is the one that agents always or even typically pursue. I take it that this is what is at stake in Steedman's distinction between the revealed preference and Wicksteed's "all inclusive" preference views.

In this respect, Knight and Wicksteed follow religious orthodoxy. All the religions we are dealing with here, Christianity most notably, offer an account of the human predicament in which a central feature is the gap between what the human actor perceives s/he ought to do and what s/he actually does. This "gap" is "sin" (ἀμαρτια, literally: "missing the mark"). Sin plays a major role in Judaism and Islam and is crucial (*double entendre* accepted) in Christianity. Without sin, there can be no idea of redemption. I take it that no plausible account of the Christian understanding of the world can leave out the idea of redemption. It would perhaps be possible to construe "sin" as predominantly a matter of human moral *ignorance* rather than as more or less wilful disobedience, but that would, as I understand it, be an eccentric view.

In other words, whereas contemporary mainstream economics postulates that putatively rational agents routinely act in accordance with their values, religious understanding takes it as an axiom that agents routinely act in ways *other than* those their values indicate. It is perhaps worth noting that in this respect religion is out of step with much ethical theorizing (beginning at least with Aristotle) in which it is taken as given that a clear appreciation of what morality requires automatically brings into play sufficient motivation to act accordingly: "the good" is compelling in that sense.

Frank Knight may not have had much affection for Christian morality but his views on the more general matter of the action-value connection were thoroughly Christian in the sense that I have outlined. Of interest, however, is that Knight does not perceive the issue as anything other than a matter of fact on which the plain evidence can be consulted by any reasonably objective observer. Knight simply invites his audience to look around them and note that everywhere people are dissatisfied with the wants they have and desire to "improve" them. Indeed in Knight's view social progress does not consist primarily in fulfilling existing wants but in improving the wants themselves, and perhaps more to the point here, *everyone agrees and acts as if this were so.* Knight might also have noted the amounts that people spend on self-improvement, or the lengths to which they will go to restrict their choices in environments where their choices might be bad for them. The methodological point to be made here is that although contemporary economics and religion, especially Christianity, offer potentially rival accounts of human nature, no special theological insight is necessarily required to decide the issue. At least on the face of things, that issue is an empirical one and requires no departure from the canons of scientific method to settle it. Of course, the question as to what values "ought to be" (or which values are the "right" or "true" ones) is a normative question outside the realm of positive economics. But there need be no consensus on that question, and indeed there may even be universal skepticism about whether that question is meaningful, in order for all to agree that values and actions diverge for all agents.

Some economists have been reluctant to concede too much on the "agent-irrationality" front because they have seen it as hospitable to despotic regimes seeking existence on paternalistic grounds. I do not wish to engage that reluctance in detail here, but I will say two things about it. First, as an argument against the existence of absolute values, it has always struck me as incoherent since it makes appeal to the (absolute) undesirability of despotism: a value, I should add, which I share. But secondly, the institutional implications of assuming agent-irrationality in the sense used here (a divergence between action and values) are by no means clear, and certainly do not indicate any direct support for nonliberal orders. Even if agents were not perfect implementers of their own perceived "best actions," there is no reason to believe that an equally imperfect despot would increase the extent to which those best actions were undertaken. Certainly, on Knight's view, "preference improvement" is an activity best left to individual agents, and I cannot see any obvious reason why Knight's judgment on this matter is not valid.

3.2 The Seventh Possibility: God as a Social Actor

I come finally to an issue that seems to me to be a particularly troubling one for religious economists, as it is for religious scientists of all descriptions. This is the question as to whether, and in what way, God is believed to act in human affairs (including their economic affairs). The issue does not arise overtly in the case studies, except perhaps in Barry Gordon's account of the two strands in early religious thought (Chapter 2). Essentially, all the economists under discussion assume a kind of methodological deism. That is, they conduct their analysis as if God were totally absent from human affairs; as if God were an hypothesis they could do without. But adopting the idea of a totally noninterventionist God commits one to a strong, and I should have thought unorthodox, theological position. The fact that Wicksteed and Clark and Whately fail to emphasize this implication seems to me remarkable.

Let me address the question this way. I take it that no serious physicist, religious or otherwise, takes the view that God is a sort of super-human agent who intervenes in the physical world: causing volcanoes to erupt, or earthquakes to occur, rain to fall, asteroids to appear, all in due season according to how God wills it best. The practice of physics is such that, for all intents and purposes, God is a hypothesis one not only can but *must* do without. Prayer for rain, for example, is on this account a prescientific superstition. And though such prayer might be justified on the grounds that it is good for humans to declare their desires before God, any thought that God might be moved to intervene thereby is not only wishful thinking but also and more seriously a mistake about the nature of the God to whom such prayers are addressed.

Now many religious people who accept this account of God's intervention in the *physical* order quite routinely believe that God can and does intervene in human (social) affairs through the "hearts and minds" of human agents: that He operates *indirectly* on human history by means of human agency. (The fact that agents' brains are physically constructed invites an element of inconsistency, but the human brain may be a special case in more ways than one and I prefer to set this possible argument on one side.) Let me rather pose the question: What would an economic model that took divine intervention seriously look like? It would, I take it, incorporate along with all *human* actors an additional agent, *G*. This *G* would have a well-defined preference function, a will for the world, as it were, which we might denote by $U_G(x)$. However G would act not by direct intervention but rather by influencing the choices of the ordinary agents. Thus each (human) utility function could, and would have to be, modeled as:

$$U_i = U_i\ (x;\ U_G\,[x])$$

where x is the vector of actions, including actions contingent on recompense from other agents, that i might conceivably undertake. How the weight of U_G in i's behavior is determined would, of course, be a theological matter. A theology that allows room for human autonomy would have that weight determined predominantly by i; a more divinely orchestrated human history would require the weight to be determined by G, perhaps on a case-by-case basis. But I am taking it here that U_G (God's will) is in some measure accessible to theological inquiry. Otherwise the very idea of religious morality, of persons seeking to act in accord with God's will, would be meaningless. And if so, U_G so understood must be presumed to have some explanatory power in the course of human affairs; and that explanatory power ought to be empirically accessible. God ought to be a hypothesis one *cannot* do without. Barry Gordon's account of one strand in Old Testament writings—what Gordon identifies as the anti-economistic strand—exemplifies this style of reasoning. But as I have already noted, none of the other case studies contains even a hint of this issue. Nowhere, for example, in John Bates Clark's account of the marginal product theory of value and its connection to justice does Clark offer an account of how God may act to implement this just solution to the distribution problem, or how exactly it is that the will of God is an active force in the world. Nowhere in Philip Wicksteed's concerns with morality does he indicate how God acts to secure more moral outcomes. Equally, however, neither of them seems to recognize this absence as a problem. I find this mystifying. For here is one area, at any rate, where the standard religious view and that of the economists seem to me to be decidedly at odds.

4. The Bottom Line

I do not think that the case studies before us provide anything like a definitive answer to the question of the relation between theology and economics: there is no "bottom line" in that sense. What the case studies do is to report and suggest a variety of ways in which theology and economics *might* connect. My object in this appraisal has been to indicate some instances of that variety as they arise from the case studies, and to reflect on the implications of the possible connections for the integrity of economics as an epistemologically autonomous discipline.

For me, the central methodological questions is this: Is a religious believer committed to a distinctive economics (indeed, to a distinctive social theory of any kind) by virtue of religious belief? For example, should we expect a *Christian* economics or an *Islamic* economics, built upon a set of core assumptions and methods of analysis which are different from those of the "secular" discipline? And if we should discover a putatively "religious" economics in that sense, would its sources of epistemological authority be genuinely different from those of the standard secular economics? (For example, in Christian economics, would a decisive argument be that "the Bible says so"?).

Little of the influence that religion has undoubtedly exerted on the particular economists under scrutiny in this book seems to be such kind as would imply that these questions ought to be answered in the affirmative. In that sense, therefore, religious influence seems to have been methodologically innocent. It is thus a mistake to think that *any* influence of religion on economics is methodologically "corrupting."

Nevertheless some such influences are methodologically troubling. Two cases in particular are notable. As I have tried to argue, theologically grounded economics ought to be deeply skeptical about agent rationality (as are Wicksteed and perhaps paradoxically, Knight). This skepticism might deeply color one's economics. It does, after all, speak to a core assumption in the mainstream paradigm. But it does not imply any departure from standard rules of evidence, or any necessary appeal to transcendental authority. In that sense, I do not consider this issue to represent any deep methodological challenge. A religious economics in this sense could be seen as a strand of the mainstream enterprise (perhaps like transactions cost economics, or the Austrian school).

By contrast, a religious economics that made explicit room for God as an active participant in human affairs (as one might think a religious economics ought to do) would, I think, involve a leap of method that simply could not be accommodated within the standard frame. The fact that none of the economists under consideration here made such room does not alter the argument. They committed themselves thereby (though implicitly) to a particular, and not obviously orthodox, theological position. On this matter if nowhere else, mainstream religion seems to pose problems of method for mainstream economics that are fundamental.

10 Mappings of (Economic) Meaning: Here Be Monsters

A. B. Cramp

All short statements in economics are wrong, according to Alfred Marshall's famous aphorism. If true of economics itself, how much more so of economic methodology! "What we know" fills libraries. "How we know it" threatens to exhaust time as well. Clearly some heroic simplifications are in order—happily in the event, they prove not especially elusive. Lines of dusty tomes notwithstanding, economists in the flesh are simple folk, by and large.

Is economics sensitive to theology? ask the editors. "No," answers one of them, Anthony Waterman (Chapter 3), with whose typically clear explanation of the Oxford methodology elaborated in the wake of Malthusian controversy I propose to begin.

1. Difficulties of Dualism

By *economics,* our editors rule, we are to mean "what Schumpeter confined to economic analysis." This has recently been splendidly summarized for us by Skidelsky (1992, pp. 539–540). The four stages of analysis (I feel a short statement coming on) are as follows:

1. An intuitive vision, graphically labeled by Keynes as the "grey fuzzy woolly monster" in one's head;
2. An exploration of the logical implications of the concepts which attempt to pin down the monster;
3. The building of a precise model to express the outcome, a tricky process involving:
4. The choice of an analytical method: equilibrium or disequilibrium, short or long period, and so forth.

All is embedded (Schumpeter, 1954, Ch. 2) in the study of history, of statistics, of economic sociology or the explanation of the social institutions within which the transactors do their economic thing. Underlying all four stages is the *ceteris paribus* assumption which makes real-life complexity manageable for simple folk: ruthless concentration on the implications of the axioms emerging from the first two stages.

No one has expressed these axioms with greater brevity and clarity than Nassau Senior (Bowley, 1937, pp. 46–48). We focus on the first of his four axioms, which expresses the point which Waterman calls "crucial":

> *That every person is desirous to obtain, with as little sacrifice as possible, as much as possible of the articles of wealth.*

Reader, prepare to admire the heroism of my simplification. Stated shortly, what the analytical exploration of this particular fuzzy monster has yielded can be summarized thus: in the economic realm, self-interest serves the common good (Mandeville), and the actions it prompts are effectively coordinated by market processes (Say's Law). These assumptions are limbs of the monster, be it noted, rather than conclusions of the analysis, and perhaps belong to stage two. In stage three the most fruitful device has been the deployment of the calculus of maximization, the scientific precision of which confounds lay skeptics. It facilitates exposition (stage four) of the way in which self-interested market actions produce optimal allocation of resources, short period by short period, and maximal enrichment in the long run.

Robbins's "choice resulting from scarcity" is the monster's name, maximal utility or *economic welfare* the beauty into which the beast is transformed by the alchemy of the market. This is what economists know, and how we know it. Q.E.D. And all without so much as a mention of theology: though in mellow mood, as the port circulates after dinner following a hard day in the office using the computer to apply the model, the economist might well fall to wondering whimsically at the mysteries of the dispensations of Providence. But perhaps not. Hard economic science is what counts if we want to understand the world, a necessary preliminary to any effort to improve it.

Waterman, indeed, has recently (1991) treated a past affair between political economy and a more solid and substantial Christian theology. But the affair proved temporary, and the parties had split up by the time of Whately. So what I privately think of as "Watermanism"—but which the editors insist shall be called "Whatelyism" in this book—boils down to what I have sketched. However, if hard-headed clarity about the economic side of the dissolved partnership was the outcome of Oxford's pre-1850 methodology, rounded out by the marginal revolution of the 1870s, and canonized at Cambridge in Marshall's *Principles,* then the other essays before us tell a surprisingly tangled tale. The dualist separation of science from theology proved unattractive in principle to many, and difficult to sustain in practice.

Take Wicksteed, to whom Robbins (1952, p. xvi) acknowledged, along with von Mises, "especial indebtedness." Ian Steedman's essay (Chapter 5) describes the work of a man who was every inch a (Unitarian) minister as well as an economist, whose writings are characterized not by a separation of theology from economics, but rather by an insistence upon their unity. The laws of economics are the laws of life and life is religion, the search for the kingdom of God on earth. Wicksteed was indeed a convinced Jevonian marginalist, which is what attracted Robbins to him, but he was marginalist about everything. Chicago school analysis of marriage and family relationships (Becker,

1981) could be presented as thoroughly Wicksteedian in its determination to apply the *method* of economic analysis in every sphere of life, though Chicago economists would reject Wicksteed's theological preoccupation with the quality of each agent's preferences and their division into the virtuous and the vicious. Nor is Wicksteed an isolated figure in attempting to frame an economics sensitive to theological considerations. Wicksteed's English sympathy for mild socialism stands in strong contrast to J. B. Clark's roughly contemporaneous, American hostility to socialism in any form. Clark stands apart, too, in that he ended by separating his economics from his theology firmly enough to please Richard Whately and Anthony Waterman. Yet John Henry's essay (Chapter 4) makes clear that he began from a methodological position quite close to that of Wicksteed. What caused him to retreat from Wicksteed's stance to Whately's was (short statement coming) an attempt to safeguard his academic position by accepting the prevailing social ideology. So he moved from arguing that morally acceptable wealth distribution was emerging providentially from developing market processes, to arguing that the distribution thrown up by the market was morally right. One hopes that the move was prompted by Clark's changing moral/theological/scientific convictions. If this were not so, one can at least sympathize with his desire for a quiet life and a good reputation.

The *ORDO* liberals (Chapter 7), or those at least with theological interests, appear to occupy a position not too far removed from that of Wicksteed and the early Clark. Like both, they concern themselves primarily with normative rather than positive matters. Even the seemingly non-theological or at any rate less theological Böhm recognized that the trouble with supposedly positive economics was its imperialistic tendency to seek to explain *everything.* The more theological Röpke had a rather less monomaniac fuzzy monster in his head than that of Nassau Senior, one concerned not simply with the acquisition of wealth and security but also with the enjoyment of liberty. Röpke and Müller-Armack differ from Wicksteed to the extent that they regard the conclusions—rather than the method—of economics and theology as congruent. Yet they surely would have regarded each other as allies had they written in the same era.

2. Facts and Values, Means and Ends

Not much comfort for Whateleians so far, but Frank Knight comes to the rescue, as Ross Emmett's subtitle "Economics versus Religion" makes plain (Chapter 6). And if Knight is indeed central to the development of American (or world) economic thought in the twentieth century, then the rescue is decisive as well as timely. Economics and theology are entirely separate fields of discourse. For the *Christian* gospel, Knight believed, concerns personal relations, where the intention behind actions is paramount, and love is central. Economics concerns social relations, where the consequences of actions are paramount; and power is central with, however, an ethical focus in justice. Religion contains no resources for the evaluation of social change, because of its effective acceptance of the existing social order, whatever its character. (This judgment anchors Knight firmly to the North American scene, especially in the pre-1950 period. What would he have made of liberation theology? Was his work a tract for past times?) However, and surprisingly to anyone with a Böhm-like suspicion of imperialistic tendencies, economics's own contribution to evaluating social change is small. It should focus on the social exchange process, rather than on individual maximizing procedures, and on consideration of appropriate ends, rather than on rational accommodation to given ends.

The debate on appropriate ends, however, transcends economics. Knight's fuzzy monster is not more rounded than Senior's in the style of Röpke, but adolescent and still developing, full of immense potential. And it contributes to discussion about the social institutions appropriate to the struggle to attain the highest conceivable values, which may make it a normative variant of Schumpeter's economic sociology. Liberalism's theologian believed that the ultimate concern of pluralist democracies should be not the satisfaction of existing wants, but the search for higher and better wants. Soft-socialist Wicksteed would surely have agreed, save for supposing that the search should be conducted with reference to an old Book as well as to new ideas.

Before we turn to Barry Gordon's exploration of that Book, we may consider Keynes's source of inspiration in the new ideas, specifically those of G. E. Moore. Exactly why Moore's views should have possessed ultimate authority for Keynes's circle is unclear, save that the vacuum created by abandonment of Christian belief, uncomfortably endured by Marshall and his generation, demanded eventually to be filled:

> It is natural for the mind to believe and for the will to love, so that for want of true objects they must attach themselves to false (Pascal).

At all events, Keynes had a Knightian preoccupation with the search for appropriate ends, but supposed the search to have achieved fruition. The appropriate ends were private not public (Skidelsky, 1992, pp. xviii *ff*). This private good, however, was indefinable, though Keynes tried first to ground it in a probabilistic assessment of actions' consequences based on pure intuition, and then on such assessment based on the intuitions of folk linked by allegiance to a shared Moorean culture. The upshot was an inescapable lack of certainty about knowledge of the good which, as Tom Rymes's essay (Chapter 8) explains, extended to knowledge of the world. Someone, however, had to manage a collapsing world in order to sustain the possibility and the increase of the indefinable good. Hence Keynes, whose grey monster was aptly labeled fuzzy, set out to elaborate and explore a new vision, related to private choice under conditions not of scarcity but of uncertainty—a Kuhnian new paradigm indeed, ultimately appealing (according to Skidelsky) to Western poetry and myth rather than to Western classical economics.

It is striking that Keynes joins Knight in rejecting orthodox Christian theology, yet both respond to what A. N. Whitehead described as the philosophical craving for unity by attempting to attain consistency between their economics and their fundamental convictions about the way the world is *and about the way it should be.*

This brings me to my main conclusion in assessing the overall implications of the very stimulating range of essays before us. In effect if not in beginning intention, all economics is inescapably normative. The pose of the detached scientist seeking knowledge and understanding simply of the facts, the way things are, is essentially bogus. Whateleian dualism, not ignoble in principle, proves unsustainable in practice because (thank Heaven) economists, too, are human and cannot be satisfied with a compartmentalized life divided into public professional and private theological-philosophical areas. Whately's effort to circumscribe economics, to inoculate it from ideological corruption, emerges as an adroit debating ploy at a particular historical conjuncture, not as the discovery of a permanently valid basis for methodology. You cannot sustain discussion of "efficient" or effective means to unstated ends. The ends are implicit if not explicit, and clarity, if not simple honesty, demands a move from the former to the latter. Better the honest atheism of Knight and Keynes than the confused dualism of Christian (or Jewish, or Islamic) economists who master "technical" economics, then go out, or send out students, to act as blinkered consultants on ways to "improve" the operation of the market economy in relation to trade, competition, the environment, or whatever.

But it may be counter-argued that these examples relate to applications of economic theory rather than to the core theory itself, with the implication that this core may be valid and inviolate whatever the difficulties encountered in its use. A Wicksteedian might assert that there is, after all is said and done, a technical method of reasoning about ways to "economize" in an imperfect society on which all economists ought to be able to agree; and that J. N. Keynes's science of economics still subsists to serve the art of its disputable applications. My response would be that economics, in addition to being inescapably normative, displays in its search for scientific precision a consistent and crippling tendency toward reductionism.

3. The Importance of World-View

My chief present illustration takes me back to Nassau Senior's first quasi-axiom, and brings me at length to Barry Gordon's account (Chapter 2) of economic perspectives in biblical and other ancient literature. I am struck by Gordon's summary of the ancient Greeks' aversion to work, and by his claim that

> Hesiod's outlook...is standard in our contemporary Economics textbook treatments of labour supply. As for Hesiod, it is a stark choice between ability to consume and the desire for leisure.

That claim seems to be valid. In one edition at least of R. G. Lipsey's *Introduction to Positive Economics* we find the assertion that "Workers are...trading their leisure for goods...." (Lipsey, 1966, p. 423). Goods it seems confer positive utility, work confers negative utility.

That is clearly an arguable deduction from, or interpretation of, Senior's axiom. There is, it is true, a hint of a qualification when Lipsey later expounds the standard theorem that workers in choosing jobs maximize the net advantage open to them, namely the total of monetary and psychic rewards rather than the money wage alone. But the psychic rewards (explored at length in Marshall's *Principles*) clearly do not much interest Lipsey, the would-be positive economic scientist, working his way to the testable hypothesis that $L_S = f(W); f' > 0$: labor supplied varies positively with the wage level, *ceteris paribus.* Of course the net-advantage theorem renders the hypothesis untestable in any definitive way by neutralizing the *ceteris paribus* assumption. But we must go through the scientific motions, if that is what economics is about. However, the side-effect view of work as essentially a disutility is no mere harmless ivory-tower academic game. Its effect, when its implications are explored in more complex theorizing, is to bestow automatic "scientific" approval on investment in capital-intensive methods to reduce labor costs per unit of output. Never mind that such investment frequently eliminates jobs as well as reducing labor. Ignore the fact that the goods produced frequently need massive sales pressures to shift them onto supposedly utility-starved consumers suffering the pangs of scarcity. Ideas have legs. *Is* shades off imperceptibly into *ought.* Positive economics slides into normative, on the basis of a supposedly scientific examination of economic behavior.

But the science is reductionistic, based on an inadequate view of the human situation, as Gordon's exposition reminds us. The Greeks denigrated work, but the Hebrews valued it, because God is understood in scripture to be a worker. True, work after the Fall has declined into a mix of pleasure and pain. The biblical view develops toward St. Paul's conception of labor as a sharing in Christ's stewardship of creation. "Work as disutility" emerges as a reductionist idea, not wholly false to experience, but leading us astray. "Work as stewardship," involving willing acceptance of discipline and sacrifice for worthy ends, opens the way to seek *shalom.* Down the road it will enable us, for example, to accord priority to preserving the natural environment, created and owned by God, entrusted for the time being to each generation of human beings, without anguished and insoluble dispute over the appropriate social rate of time discount. But that takes us too far from our present concerns.

What is very relevant to those concerns is the recognition at which we have arrived: that a clear view of what is going on in the economic sphere of life requires knowledge of who we are and why we are here. That is to say, it requires a theological or philosophical basis. It calls for unity, not dualism. And that, of course, poses severe problems for the idea of economics as a science, conferring professional knowledge and prestige on its acolytes, accessible in the academy to all who submit to the necessary disciplines of learning, regardless of creed.

The response to the dilemma is simple, in principle at least. It is to embrace the aphorism that "economics is a debate, not a science." We recognize that the debate is essentially theological-philosophical, perhaps ideological. We must concede the existence, in modern pluralist society, of conflicting world-views, religious and secular. In some ways, this is a muddled and confusing prospect. But it is preferable, because it is based on reality, to the chimera [literally nanny-goat, or *monster*] engendered by the impossible search for valid, value-neutral "scientific" knowledge. The muddle occurs in the clash between world-views, not within them.

But is that really so? In enlisting Gordon in support of my views, I have ignored so far the key point of the argument of his essay, namely that there are fundamental conflicts of perspective, not just between divergent ancient schools of thought but also within the Hebrew and Christian scriptures. If it were true that world-views lack significant internal coherence in exploring the issues at stake in understanding human society, then it could be reasonable to conclude that, after all, the quest for neutral scientific understanding is, if not the best, then the least bad option open to us.

Backing would thus be provided for the hermeneutical ideas of Samuel Hinds, described by Waterman as a key influence on Whately. Divergent scriptural views on economic matters, from this perspective, possess no true authority, for the Bible is not infallible on matters of physical science, nor on economics as a social science. For political economy resembles Newtonian physics in the vital respect that it consists of *theory* in relation to observable phenomena.

In evaluating this argument, let us first call to mind that Schumpeter (1954, p. 16), editorially prescribed as the authority on the relevant interpretation of the content of economics, thought it well to call in aid Walras's defense against Hayek's charge of scientism: of an economics invalidly aping physical science. There are limits to the parallelism between physics and social science, argued Walras, because

> ...[e]conomics lacks the benefit that physics derives from laboratory experiments...but enjoys instead a source of information that is denied to physics, namely, man's extensive knowledge of the *meanings* of economic actions... (italics in original).

By "knowledge of the meanings," Walras and Schumpeter appeared to denote awareness of motives to economic actions derived from introspection. The lack of clarity and the tendency to reductionism in economists' understanding of such motives, I have discussed already. I have argued in effect that meaning is something for which we search, something elusive, not something dwelling within, readily identified.

Next, let us call to mind the elements of good hermeneutical method identified by (conservative) theologians. First, in the face of apparent conflict between passages, compare scripture with scripture. Truth is in the whole rather than in the parts. By this dictum, the fact that different scriptural writers accord to economic matters very different degrees of emphasis—a fact which appears to trouble Barry Gordon—is of negligible significance. In the emerging overall picture, economics finds a proper, limited place.

The citing of proof texts is a dangerous practice. The proper approach is to work back from the text to the underlying principle, then forward from the principle to the practical contemporary application. The process is challenging, both intellectually and morally, for divine truth yields more readily to humble obedience than to clever *hubris.* However, it can be argued (Cramp, 1991, and sources there quoted) that from such a process the fundamental norm in matters economic is seen to be encapsulated in the idea already mentioned: of human stewardship or trusteeship of resources provided by God for purposes (ends) ordained by God. Moreover, similar obedient exploration of matters political yields the norm of *justice;* and of matters relating to the extended family and (small) social group the norm of *troth* (Cramp, 1988).

So we are protected from fragmentation and incoherence in our understanding of economic issues in the context of social concerns as a whole. For the norms for the different spheres fit together, in what members of the neo-Calvinist, Amsterdam school, with their "philosophy of the cosmonomic idea" (Kalsbeek, 1975), refer to as "the simultaneous realization of cultural mandates." People are workers but also citizens, and they belong to family and other social groupings. So, to take one example of the way in which interlocking ideas cohere, stewardly organization of work must be sought in ways that not only promote efficiency, but also preserve and enhance people's capacity to fulfill their callings in other spheres. Some kinds of shiftwork could be superficially "efficient," yet be ruled out on the grounds that they are destructive of family life. How else to find refuge from the insoluble problems of *anomie* and schizophrenia implicitly predicated of people who are regarded as *homines oeconomici* at work, and as social actors in polity and family (Matthews, 1981)? Again, serious unemployment seems to be not simply a technical category of market failure, but rather a symptom of paralysis of the sinews of society.

Furthermore, the overall character of the biblical vision of society can be captured, and is well described by the term "relationism" (Schluter, 1987). The contrast with capitalism and socialism is intuitively clear, however complex the outworking might be. Biblical theology is indeed what our editors indicate, namely "the enterprise of criticizing and maintaining the coherence of the tradition of belief transmitted in...sacred writings of 'Western' (i.e., Hebrew, Christian, and Islamic) Religion," but we should understand this tradition to cover not just people's relation to God and their need for forgiveness and salvation, but also their healthful relations with each other in society. Again we see, but now from the other side of the fence, that there is no fence: that the supposed boundaries delimiting the spheres of theology and science do not exist (though, of course, we cannot in practice deal with everything at once).

Reverting to matters economic which are our present concern, we can note the way in which this approach to scriptural interpretation, which has been labeled "paradigmatic," can yield an understanding of economic issues which, *pace* Gordon's argument, is notably coherent and focussed. Christopher Wright (1983, p. 101) has explored the economic ethics of the Old Testament and asserted *inter alia* that

> The paradigmatic relevance of the jubilee and related land laws in the Old Testament is particularly applicable to situations where land tenure and land reform are pressing issues.... The jubilee was designed to prevent the accumulation of the bulk of the land in the hands of a few. It protected a system of land tenure that was intended to be broadly equitable, with the ownership of land widely spread throughout the population. It was an attempt to impede, and indeed periodically to reverse, the relentless economic forces that lead to a downward spiral of debt, poverty, dispossession and bondage. Its major focus of concern was for the economic viability of the smallest economic units, namely the household with its land.... Within the limits of primitive agriculture, its sabbatical fallow embodies a concern for the "health" of the soil itself. All these are far from being dead or irrelevant issues.

Just so, and Christian and Jewish economists would be better employed in exploring them than in writing the kind of boring and essentially meaningless articles which largely fill modern learned journals allegedly extending the frontiers of scientific economics. They could cooperate, too, in the quest by Islamic economists to explore the practical implications of the scriptural prohibition of usury (Mills, 1993), and perhaps begin to see "Islamic banking" less as the anomalous product of a misguided fundamentalism, and more as a brave practical experiment in applying the understandings of faith in an attempt to build financial relationships on a sounder and more durable foundation than that of the current Western financial system.

Moreover, I have a sneaking suspicion that were economists of religious persuasion decisively to break cover in the manner here briefly indicated, they would not find communication impossible, nor debate unfruitful, with the successors of Knight and Keynes. For these successors can also be presumed to wish to understand why the world of economic practice continues to be such a mess, and how it can work toward improvement. A stimulating debate would surely supplant a sterile "science." So much is indeed suggested by Whately's emphasis on the potential of natural law.

Let economics become again a branch of moral philosophy, where Christians need not be ashamed to be guided by Anselm: "I do not seek to understand that I may believe, but I believe that I may understand: for this I also believe, that unless I believe, I will not understand."

11 The Religious Content of Economics

Sheila C. Dow

Does economic theory stand on its own, independent of the theological motivations or predilections of those who develop it? This is a specific case of a more general question. Does social theory stand independent of the values of its developers, amenable to application to the (possibly different) value systems of those who use it? This essay is addressed to the case studies of a range of developers of economic theory who held explicit theological positions. It will be argued that on balance these case studies support the view that economics is not in general autonomous with respect to theological considerations. The implication, I would suggest, may be more general: social theory is not autonomous of value systems.

The first stage of the argument addresses the question of how theory is understood. The use of language and the understanding of context is invoked to suggest that theology may enter not only into the development of theory but also into the understanding by others of what has been developed. For economics, the way in which theory is developed and understood depends fundamentally on an ontological judgment about the nature of the economic system. This is explored in the second section, drawing on Hayek's concepts of "made order" and "spontaneous order." The argument developed in the third section homes in on the question of how human behavior and decision-making are depicted in economic theory, and the theological assumptions implicit in that depiction.

1. Understanding of Economic Theory

It is uncontroversial to assert that the context of discovery influences the nature of theory which is developed. Thus, for example, Waterman (Chapter 3) demonstrates the theological motivation driving Whately's theorizing. The important issue rather is whether that theory, once developed, can be understood in terms of its own logic, and then applied to alternative value systems: that is, can economic theory be "positive"? In this section I address the question at the most general level of understanding.

For economic theory to be positive, there must be a shared understanding of what that theory is, independent of value systems. This requires, among other things, that language be neutral. There is now a research program that investigates the rhetorical importance of language in economics. (A key text is McCloskey, 1986.) This program is based on the assumption that language, far from being neutral, is as influential in theory-appraisal as the internal logic of theories. Here I focus on two instances of that line of thought which featured in these case studies, one referring to the theological content of economic language, the other to changing meanings from one historical period to another.

Steedman (Chapter 5) quotes as follows from Wicksteed:

> [i]t is an old trick of the Economists to take a word which has an ethical meaning, to empty it of all moral signification by express

> definition, and then consciously or unconsciously suffer it to carry its moral sanctions and associations with it into all kinds of unmoral or immoral applications. Thus, to the economist, everything is "useful" that men want; for they are themselves the only judges of what the uses of their lives may be.

Thus economists may be persuaded to accept the goal of satisfying preferences subject to resource constraints, not only as a descriptive but also as a prescriptive tool. The confusion in the history of economic thought between these two notions as applied to individual behavior is explored by Drakopoulos (1991).

Another example is provided in Henry's (Chapter 4) discussion of J. B. Clark, where he refers to Clark's reference to monopoly as a "friction." While the term has a technical economic definition, its rhetorical significance lies in marginalizing the significance of monopoly with respect to the workings of the competitive market machine. This language can be contrasted with Clark's early perception of the evolution of the capitalist economy into a non-competitive phase. Thus, while in principle usefulness and friction may be understood purely in terms of their logical definitions, in practice they are understood, and are either persuasive or unpersuasive, in terms of their ethical connotations.

The question of language is compounded when we consider understanding of theories developed in a different historical period. Henry explicitly states that Clark's economics cannot be understood outside the larger context of his aim "to develop a substitute for religion that complements and fortifies received Christian doctrine." Indeed it is a guiding principle in the history of economic thought that understanding of *texts* requires an understanding of *context.* Thus, for example, the concept of private interest noted by Waterman as stemming from Smith is not at all neutral in meaning. Smith's *Theory of Moral Sentiments* ([1759] 1976) demonstrates that his notion of private interest was conditioned by the cohesiveness of community which was typical of his experience. Yet as economics developed, self-interest came to be understood as applying to atomistic individuals. I return to the implications of differing understandings of human behavior in the third section.

The scope for different understandings itself raises doubts about the autonomy of economic theory. It is not necessary that an autonomous economic theory conform to what its developer meant in order for it to be "autonomous." But there is no reason to expect that what economists in the late twentieth century understand by Smith's system will correspond to what will be understood by economists in the twenty-first century. In general there is no reason to believe that what one economist understands by a given theory is going to be the same as another economist's understanding.

2. The Economic Order

The concepts employed in economic theory (however understood) are combined according to methodological principles. It is the purpose of this section to argue that these principles entail both ontological and epistemological judgments which in turn entail, explicitly or implicitly, theological judgments. Theorizing requires some notion of regularity or order. The particular methodology underpinning any economic theory rests on judgments as to the existence and nature of order in the economic system, and the extent to which we can have knowledge of this order.

A distinction may be drawn between theory built on the same principles as classical mechanics and that which is not. If theory is developed along mechanical (Cartesian, Euclidean) lines, it must be presumed that the economic system itself is machine-like: that is, that it may be modeled as if it were a closed system of deterministic relationships. It follows that understanding of the system is available to all and is thus autonomous of theological judgment. Here we have the underpinnings of pure general equilibrium theory, with its deterministic relationships amenable to mathematical formalism, and motion determined by exogenous shocks. It is this type of theory which offers the strongest case for autonomy from theology. For many economists, this approach is conterminous with economics, since the underlying methodological principles lead to monism. But there are alternative approaches to economics based on alternative methodological principles (see Dow, 1985; Mair and Miller, 1991). The point at issue here is that choice of methodological approach may be influenced by theological considerations.

The presumption of mechanical order requires some judgment as to the origin of that order. Is it, in Hayek's (1973) words, a "made" order or a "spontaneous" order? A made order is a conscious construction. If the economic system is a made order, then a deity must have made it. Otherwise it must be the spontaneous collective creation of individuals, as represented by the Walrasian system. In order to know whether this spontaneous order can be presumed to persist, some knowledge of what generates that order is required. The Walrasian system has been developed explicitly to complete what was seen as Adam Smith's agenda of demonstrating the spontaneous order of the market system (Arrow and Hahn, 1971), but Smith ([1776] 1976) had pinpointed the threat to order posed by the tendency of producers to combine. It is crucial to the status and scope of a theoretical system representing spontaneous order whether such a threat should be understood as a friction—and thus marginal to the economic process and amenable to correction by policy (as in the later Clark), or as evolutionary—and thus persistent and ultimately overwhelming (as in the early Clark).

An alternative understanding of the economic system is, therefore, that it is not ordered mechanically, but evolves. This would be Clark's early view, with the economic system evolving from a competitive system to a noncompetitive system less amenable to deterministic analysis. For this evolution itself not to be mechanical and thus susceptible to mathematical formalism, there must be room for indeterminism. And indeterminism in turn fundamentally affects what is regarded as the appropriate economic methodology. An evolutionary order may or may not be of God's design depending on one's theological judgment. But again, if the judgment is that the evolution is spontaneous, yet ordered, how can it be explained and predicted?

The question of knowledge is central. How do we know there is a God? How do we know that He has ordered the universe, and if so what the nature and scope of that order is? If there is no God, is the universe nevertheless ordered; how is it ordered; and again, what is the nature and scope of that order? Implicit in the answer to the first set of questions is a judgment about God's own knowledge. If the system has elements of true indeterminism, God's own knowledge may not be infinite.

Gordon's discussion (Chapter 2) of ancient texts reveals a changing understanding over time of God's design, and our capacity for knowledge of it. Indeed the question of knowledge is shown to be central to theology, the imperfection of our knowledge stemming from the Fall. Yet the acquisition of knowledge was seen as crucial to the successful management of God's created order. In the early writings of the Pentateuch and Proverbs the immanence of God was stressed, and thus the scope for human knowledge of God's order seemed to be great. However, in the later contributions to these texts, God's transcendence is stressed, implying more radical limitations on human knowledge. The economic system then was still seen as a made order, but human knowledge of it was necessarily limited.

The implications for our knowledge of the economic system depend on the separability between the economic and noneconomic aspects of God's created order, and on whether the limitations on knowledge apply significantly to the economic part. Waterman (Chapter 2) demonstrates that Whately adopted a dualistic stance as between secular knowledge and knowledge arrived at by faith, with economic knowledge classified as secular knowledge; Whately's understanding of the economy as a made order implied that the limitations on secular knowledge were not severe. Theology only enters into economics, then, in the form of knowledge acquired by means of faith. According to Whately, its relevance is to policy applications of theory, not to the formulation of theory as such. Steedman (Chapter 5) demonstrates that Wicksteed took the contrary view, that economics and religious faith are inextricably intertwined: that there is no secular knowledge independent of faith. In this case the radical limitations on knowledge resulting from God's transcendence apply to economics, as to all other things.

While Keynes eschewed traditional religion, his epistemology put him on the same side of the argument as Wicksteed in denying a dualistic division between the secular and the religious. Without providing theological reasons for it, Keynes saw knowledge as being fundamentally limited. Indirect, or theoretical, knowledge is a matter of belief, and the task of theory is to establish rational grounds for belief. In particular, as Rymes shows (Chapter 8), Keynes argued that the scope for deterministic argument as represented by quantifiable probability is limited by the organic, evolutionary nature of the economic system. In order to act we must rely on convention and on intuition. To the extent that these have religious content, the implication is that economic behavior has religious content. Thus, for example, when the future is particularly uncertain because of the outbreak of war, economic behavior will be influenced by the conventional judgments of peer groups, often based on past experience, and by intuitions of what the future will hold. These conventions and intuitions will include collective and individual value judgments. Furthermore, since Keynes applied his epistemology to scientists as well as to economic agents, theorizing, too, may have religious content since it also must rely on convention and intuition. As we shall see in the next section, there is a widely held convention of regarding individuals as self-interested, atomistic individuals. Implicit is a judgment about individuals' value systems.

Keynes specified very carefully the conditions under which mathematical formalism might apply. The implication of Keynes's theory of knowledge is that the only case in which certain knowledge is feasible is that of a made order, where it is conceivable for secular knowledge to reveal that order. Only then is knowledge attainable independent of convention and intuition, and thus of religion. But underlying this secular knowledge is a theological judgment with respect to the made order and our knowledge of it. If the order is spontaneous, some judgment must be made about accessibility to knowledge which would justify the starting point of spontaneous order. Those who adhere to the mechanistic representation of spontaneous order (general equilibrium theorists) either deny that it describes the real world (see, for example, Hahn, 1984) or presume that spontaneous order pertains (as in rational expectations theory). These presumptions can only be regarded as an article of faith. Knight and the *ORDO* liberals take a more evolutionary view of spontaneous order, allowing for indeterminism and the emergence of non-competitive forces. But without the crutch of a mechanistic system to represent order, this approach rests to an even greater extent on faith that spontaneous order occurs and will persist. For a similar argument as applied to the neo-Austrian school, see Dow (1985).

Once we are in the realm of a made order of which we cannot have full knowledge, or that of either a made order or a spontaneous order which is evolutionary (but not deterministically so), we have entered Keynes's domain of uncertain knowledge. And with uncertain knowledge, neither values in general nor religion in particular can be eradicated either from theorizing or from economic behavior.

3. Economic Man

The nature of the economic system, and the influence of religion, depend very much on the depiction of individual behavior and decision-making. The scope for deterministic economic systems depends crucially on determinism's being applied to individual behavior. Free will is represented in mainstream economic theory by the setting of preferences. In principle this could include interdependent preferences, altruism and such, but in practice modeling these has proved intractable. Determinism takes the form of pleasure maximization and pain minimization. These in turn involve both epistemological and ontological presumptions. First, it is presumed that we can predict the nature and consequences of this behavior, which in turn requires knowledge of the knowledge accessible to economic agents. Secondly, it presumes the prevalence among economic agents of a hedonistic philosophy. Drakopoulos (1991) has demonstrated the persistence of a hedonistic foundation in economics since Bentham which has survived attempts to render economics positivist.

Whately reacted against the hedonism of the Benthamite program. But his answer was addressed not to the depiction of human behavior as such, but only to bringing religion into economics at the level of policy (Chapter 2). Preferences were still to be taken as given. In contrast, Knight seemed to think that policy was not the province of religion, although Emmett (Chapter 6) argues that Knight seems to have been of the view that it ought to have been. Religion for Knight had relevance solely for personal ethics. This dualism between personal ethics and policy seems to stem from a dualism inherent in much of Western thought dating from Plato (see Dow, 1990). In Christian theology, dualism is most evident in the writing of St. Augustine of Hippo. According to Gordon (Chapter 2), St. Augustine advocated communism in the form of the monastic system only for the chosen few. The limitation or corruption of knowledge stemming from the Fall meant that it was unsuitable for the many to order their own economic system: they must rely on God's created order. This still left open the possibility of policy to help those living outside the monastic system, but not of action to improve their knowledge through faith so that the monastic system might become general. Running through Augustine's argument is the presumption that for most people the Fall had absolute consequences. This presumption provides a justification for the depiction of humans as economic men, that is, as self-interested and self-regarding individuals.

It has already been pointed out that Adam Smith did not draw a sharp division between individuals and society. On the contrary, his self-interested individuals based their preferences on sympathy (Raphael, 1985). Taken to its logical conclusion, Smith's analysis has profound implications for theorizing. If Smith's depiction of social individuals be accepted, the law of demand would not hold. Demand and supply relations would each have to refer to the other if buyers and sellers quote prices with reference to what they think the other will consider fair. Thus we could not look to the law of demand, as does Wagner (Chapter 7), for a universal theory which stands independent of values in general or of theology in particular. But Smith's vision has more far-reaching implications. If individuals and society are intimately connected, then the policy-personal ethics divide is no longer admissible. This is the position taken by Wicksteed. He argued that injustice should not be seen solely as an individual matter, but rather that moral judgments may refer to systems as much as to individuals (Chapter 5). Then if religion enters into individual behavior and the market process as well as into policy questions, it is impossible to maintain the normative-positive divide in economics.

An example of the encroachment of religious (or other) values is the attitude to work. This affects individual behavior, is interdependent with social behavior, and has profound policy implications. Gordon (Chapter 2) refers to the ancient view of work (in modern terms) as conferring utility. This view re-emerged in the form of the "Protestant Ethic," and is still present in much of modern theological thought. Yet economic theory is constructed primarily on the assumption that work causes disutility and must accordingly be compensated. The position taken on this issue underlies the policy position with respect to unemployment. Gordon points out that the New Testament view is that income should reflect willingness to work, not the product of work. The conventional modern approach is rather to focus on the incentive effects of unemployment benefit, assuming that work confers disutility.

So far as the religious content of the depiction of human behavior is concerned, it is a remarkable judgment on the part of those in the Augustinian tradition that individuals are inevitably hedonistic, except for a few in monasteries or their equivalent. It is a not insignificant view of religion that one of its purposes is to influence preferences: not least by encouraging increased interdependence of preferences. Then human behavior must be regarded as evolutionary rather than deterministic. Whether in the name of religion or not, Knight, too, saw wants as evolving with the market process, and argued that it was better to improve wants than to satisfy them (Chapter 6). To discuss the economic significance of religion in terms of eating fish on Friday as Wagner does (Chapter 7) is to suggest that incorporating religion in economics has no methodological consequences. Wicksteed, on the other hand, grappled with the question not just of relative preferences but also of the ranking of preferences. As Steedman asks (Chapter 5), "Yet is the ultimate priority of ethical concerns really compatible with the balancing of everything at the margin?" Wicksteed did not take the next step of considering lexicographic preferences, but Steedman points out that this would have allowed him to incorporate ethics more satisfactorily. But to do so, like admitting interdependence between supply and demand, would involve quite different methodological principles (such as those of behavioral economics, for example) from those of neoclassical economics.

4. Conclusion

The argument presented here suggests that religion may enter into economic theory in a fundamental and ineradicable way. It does so first through the moral connotations of language and through the different meanings given to language by the context of the developer of theory and of those trying to understand that theory. Mathematical formalism provides the best chance of ensuring autonomy of meaning. Nevertheless the "rhetoric" literature has demonstrated that the verbal presentation of mathematical reasoning can still be influential. But the very choice in favor of representing the economic system using mathematical formalism may itself involve a theological judgment. Some account is necessary to justify the representation of the economic system as a mechanical order. This account involves either a theological justification in terms of a made order, or what amounts to a statement of faith in the persistence of a spontaneous order.

Theology enters in also with judgments as to the nature and scope of human knowledge: how far the economy can be regarded as secular in a way which allows it to be separated from the religious; how far our knowledge is limited; and what the extent of indeterminism is in human behavior. If knowledge of the economy is generally uncertain (not conforming to a mechanical order), then knowledge consists significantly of belief. Rational grounds for belief then include conventional judgment and intuition, each of which can involve religious elements. Furthermore, the generality of uncertainty in an evolutionary environment where free will pertains has profound consequences for methodology. A central issue is the depiction of human behavior, since it requires a judgment as to predominant philosophical and religious predispositions, including the relations between the individual and society. Attempts to render economics value-free in their depiction of human behavior have failed because the concept of economic man, like any alternative, involves a philosophical position.

The project of rendering economics value-free, according to this argument, was doomed to failure. The presentation of an ordered system using mathematical formalism, starting from axioms of rational individual behavior, incorporates its own value system. What has been unfortunate is that the insistence that it is possible to free theory from values seems to have been widely accepted by economists. Other value systems, as has been demonstrated, may require quite different methodological principles, as well as a different use of language. The seeds of such alternatives are evident, for example, in Wicksteed's work and they have flourished since then in a range of schools of thought in economics. Yet these schools, having admitted their point of departure from neoclassical economics partly in terms of their value systems, have met with misunderstanding which stems from the perception of neoclassical economics as value-free. Mutual understanding would be greatly enhanced if there were a more general recognition that religious, as other, values cannot be eradicated from economics. A more reasoned discourse about the nature and implications of different value systems would then be facilitated.

12 Comment

G. C. Harcourt

I found reading these chapters a rather depressing experience. Not, I hasten to add, because of the scholarship or presentation, which I enjoyed and appreciated and from which I learned much, but because of the subject matter of so many of them. Since my undergraduate days in the early 1950s I have been a Christian socialist. As I have lately explained (Sardoni, 1992, pp. 1–2), I became a socialist much more quickly than I became a Christian, I suspect for reasons which Frank Knight, with his early experience of "prairie evangelism," would have understood and with which he would have sympathized. But unlike many of the arguments and views of the economists presented in these chapters, I never had any trouble in reconciling the precepts of Christianity with socialist economic principles. Indeed, I could not see how any other conclusion logically could be reached. It was the problems of personal faith, and the observed inconsistencies between the practices of many Christians and their ideals, which held me up, for what I realize now were probably priggish reasons.

In any event, once I had convinced myself that despite my associations with Wesleyanism, I did *not* need to have a warm feeling somewhere near the pit of my stomach before I could become a believer, I allied my socialist principles with a decision to regard belief in the Christian God (all Three), as a working hypothesis: let us suppose it all to be true and see how and where we go from there. I took that step in 1953 and I still regard it as a correct decision. That is to say, my working hypothesis has not let me down—though I was beginning to wonder whether, as well as having been the only Jewish Methodist in Adelaide, I was also the only Christian socialist left.

The recent publication of the splendid essays by a number of prominent British Christian socialists in parliament and the churches in Christopher Bryant's *Reclaiming the Ground: Christianity and Socialism* (1993), together with listening early on Sunday mornings to discussion of these issues on the BBC's glorious Radio 4 during two recent stays (March-April 1993) in hospital, have cheered me up no end. The vigorous, straight-talking, often Scottish socialists with genuine fire in their bellies and logic in their arguments are a real tonic. Of course, their political and economic beliefs run counter to those of the majority of the subjects of the contributions to this book (and those of most of their authors, too). On the whole, those subjects—and perhaps their authors—argue that a competitive market economy and capitalist institutions generally are alone consistent with Christian beliefs and values. Thank goodness I was brought up—well, not brought up but, rather persuaded later on—to hate the sin and love the sinner!

1. Where Do I Stand?

Before I set out my comments on the chapters in the volume, let me outline what my own beliefs are. I became a socialist because I thought that the existing ways in which our economic and social affairs were organized were irrational and unjust. It was a description, during my first year of economic geography in Melbourne (1950), of how the development of the Californian oil fields by private business had caused a large permanent loss of natural gas and oil, which first alerted me to the irrationality of unfettered competitive capitalism. I felt that any vital resources which were meant to serve the needs of both this *and* future generations should be developed by organizations with suitably long time horizons, so I argued for the nationalization of all such resources. My basic reasoning, I believe, is still correct. But, of course, I was naive to believe that politicians and managers of crown corporations would necessarily have longer time horizons or more enlightened attitudes than the boards of private enterprises.

It seemed to me irrational that capitalist institutions should push the exploitation of human selfishness (often called freedom of choice to make it sound better) so far to the front; while simultaneously stunting the development of the Christian (and humanist) virtues of altruism, cooperation, tolerance, compassion, and striving for consensus, not to forget forgiveness. I came to believe that the only essential difference between socialist humanists and Christian socialists was that the former thought that people could bring about all desirable reforms by themselves, by their own unaided efforts. By contrast, Christians believed that it was only by the workings of the Holy Spirit in and through individuals, and those individuals in turn working in and through secular and religious groups, that people would be able to achieve what the humanists thought people could do unaided. Maybe Philip Wicksteed (Steedman, in Chapter 5) put it too strongly: "If there is no descent of the Holy Spirit there can be no Kingdom of God, in spite of the most perfect and ideal social machinery." But then, maybe not.

The Holy Spirit worked in at least two ways. First, it removed the intolerable pressures associated with the impossible task of achieving and maintaining personal perfection (think of poor Wittgenstein), which was a preoccupation of Evangelicals during my youth in Melbourne, a perverse and unhealthy obsession with their own navel gazing in my view. I was glad to see in Ian Steedman's chapter (5) that Wicksteed, one of the first heroes of my undergraduates days, had an apt remark on this: "Social reform without personal consecration is as the apples of Sodom, while the attempt to work out our own salvation without uplifting the life of men and striving visibly to found the Kingdom of God on earth, is a thought as vain as it is selfish and unworthy." Secondly, the Holy Spirit helped believers to work vigorously and with some chance of success, or at least optimism, within the social and political institutions of their societies. Thus I implicitly rejected Frank Knight's view that religion is related to individual but not to group or social behavior; or at least, that if it did, it would be catastrophically destructive of that society (Chapter 6). I was never under any illusion as to the chances of complete success. Just because a cause or course of action is right and just there is no guarantee that it will succeed. But I did believe, and I still do, that to strive for the Kingdom of God on earth is both correct and feasible for committed Christian socialists, even if I am also bound to "recognize that intelligent social reform will never wholly be realized in this world" (Emmett, Chapter 6).

2. Too Much Expected of Markets

I have been trying to work out why I found most of the chapters, or rather their messages, disappointing. I have narrowed the reasons to two. First, almost exclusively, they survey neoclassical economics. Keynes, as discussed by Rymes (Ch. 8) is of course an exception. Secondly, partly because economics is interpreted in this way, religion almost exclusively has to do with individuals, never with the people of God, a *social* community to which *both* religious beliefs *and* moral actions are attached. There are, of course, exceptions. The differences that Barry Gordon (Chapter 2) discerned between the attitudes of early and later writers in the Old Testament turned on the acceptance or not of the above distinction. Even there, however, he interpreted the economic principles of his authors very much in the light of the dominant mainstream principles of the late twentieth century. And, of course, as I mentioned above, my early and lasting hero Wicksteed, though "the purist of marginal theory" (Sraffa, 1960, p. v) in his economics, was also very much aware of social obligations in his political and religious thought. He remained a socialist, for example, even while converting George Bernard Shaw from belief in the labor theory of value to acceptance of the subjective theory of value (Steedman, 1989, pp. 128–132). Wicksteed was to set out the subjective theory of value in its full majesty in *The Common Sense of Political Economy* ([1910] 1933). (Sadly, this was far too early for him to receive the Nobel Prize, but not for his obvious surrogate, Gary Becker, many years later.) In fact Wicksteed reminds me very much of James Meade in his attitudes but with religious belief added in Wicksteed's case; "integrated" would be a better word, for Wicksteed's belief system was indissoluble, as Steedman emphatically makes clear.

Thus Meade has a very clear understanding of the benefits to be obtained from competitive markets and of the need to make the freedom of choice by individuals paramount wherever possible. Nevertheless, he is certainly not prepared to let the system determine unaided either overall activity and growth, or the distributions of income and property. His "lib-lab" political philosophy has led him continually to devise policies which aim to bring about equitable distributions of income and property within fully employed, relatively inflation-free, and satisfactorily growing economies. He has fearlessly argued for the implementation of such policies all his working days, regularly revising and updating his views, yet remaining faithful to his youthful visions and to his admiration of the life and work of his mentor, Keynes.

Would that some of the other economists whose contributions are surveyed in this volume had the same insights and moral courage! The most shocking story is John Henry's account (Chapter 4) of how John Bates Clark ran for cover and changed his views and his theories when the going got tough in the 1890s: an early foretaste of the McCarthy years in the 1950s which also produced similar results. (I think I could show that the changes made in the editions of some well-known, first-year principles texts are often a reliable index of how liberal or otherwise the political climates were at the time of their publication.) We have the testimony of Clark's son, John Maurice, that one of the driving forces behind John Bates's development of the marginal productivity theory of distribution, and of utility theory generally, was to provide an answer to some misperceived implications of the labor theory of value and of Marxist analysis generally: in particular that profits arise from the exploitation of wage-earners (Meek, [1956] 1973, p. 251). By arguing that wage-earners receive from society what they contribute to it, the beginning of a moral as well as an economic case could be made for the existence and payment of profits. Now we know Clark was saving his own skin as well, a not uncommon feature of the behavior of academics, who, though they have tenure, all too rarely do the one thing which justifies the institution of tenure: which is to speak out fearlessly, no matter how uncomfortable and dangerous the arguments and conclusions. For every one Noam Chomsky or Joan Robinson or Hugh Stretton in academia, there are thousands of surrogate John Bates Clarks.

Frank Knight also seems to have been impaled on the horns of a dilemma, though no one could ever accuse him either of cowardice or of an unwillingness to speak out. Because he came to identify the application of economic theory to only one sort of society, he was barred by his own logic from following through thoroughly his views on either social policy or religion alike, since they were appropriate to different social organizations. No such doubts seem to have assailed either Richard Whately, who was a cheerful and explicit apologist for the *status quo* and competitive values, or the social marketeers *cum ORDO* liberals so carefully described by Richard Wagner (Chapter 7). Both found that true (Christian) religion was alone compatible with competitive economies, and with policy proposals which worked within these institutions and were derived from the inferences of the economic theory of those societies.

As I said, I found all this depressing, for it must be clear by now that in the real world, markets seldom have the required characteristics which ensure that they behave in socially desirable ways. Moreover, when they do not have them, markets create awful problems for the workings of the system as a whole as well as for its parts. Since this judgment may be said to apply to the markets for labor, financial assets, property, and foreign exchanges, we clearly have some major problems in our hands for which the writings of most of the people in this collection are of little if any use. I must add a caveat. Even if the characteristics of actual markets do not accord with those of the ideal market, it does *not* logically follow that interventionist policies *would* make actual outcomes better. The outcome of admittedly non-ideal markets could still be the best "second-best" solutions.

Nevertheless, what worries me most about the thrust of the majority of these essays is that they draw attention away from the role that religion and moral precepts could play in bringing about cooperation and coordination in policy-making at both national and international levels, a theme on which I have written in three recent interrelated chapters. In the 1992 Donald Horne Address, *Markets, Madness and a Middle Way,* I tried to set out the conditions that have to be established for markets to work in a socially desirable manner, and then to explain why recent historical events in Australia combined with the intrinsic characteristics of these markets have meant that the sectoral markets listed in the previous paragraph have helped to created horrendous systemic problems for the Australian economy. In another paper on macroeconomic policy for Australia in the 1990s (Harcourt, 1993a) I tried specifically to answer the charge that in my Horne Address, I was a squib concerning actual policy proposals. And in a short article modestly entitled "The Harcourt Plan to 'Save' the World" which I wrote for the first-ever issue of *At the Margin,* the undergraduate Marshall Society journal at Cambridge, I used Keynesian-Kaldorian-Kaleckian-Robinsonian economic principles to identify the problems of various subsets of the world economy and to set out an interrelated set of policy proposals simultaneously to tackle them (Harcourt, 1993b).

3. Good Theology versus Bad Economics

God works as ever in mysterious ways. No sooner had I come to this point in my draft, than I went to hear my great pal, Christopher Rowland, formerly the Red Dean of Jesus College, Cambridge, and now the Dean Ireland Professor of the Exegesis of Holy Scripture in the University of Oxford, give the University Sermon on Sunday, 23 May 1993 in the Chapel of King's College, Cambridge. The sermon was entitled "Why are you standing looking into Heaven?" (It was Ascension Sunday). He started by telling a tale of two rabbis:

> There is a wonderful story in the Babylonian Talmud about two rabbis disputing over details of the Jewish Law. One of them seeks to prove his point by means of a variety of miracles, trees are

> moved, rivers halt in their courses, walls are made to fall and there is even a voice from heaven proclaiming approval of the miracle-worker's point of view. His disputant is impressed by none of this, however. He rejects all appeals to heaven as a basis for working out what is appropriate. He asserts instead that because God had given the Law at Mount Sinai, it is now the responsibility of humankind to work out the implications of that Law for their everyday life, however difficult that may be without resort to voices from heaven or miracles.

Rowland then detailed his admiration for the experience of Liberation Theology in action in Latin America (of which he had come to know at first hand through his involvement in Christian Action). He ended by lamenting the current domination of Liberation Theology in Latin America by a new wave of charismatic Christian sects, with their emphasis on personal behavior allied with an acceptance of earthly lots. The latter view appears to have the present Pope's blessing. For by bringing the poor to focus their eyes simultaneously on Heaven and their own navels, it has tended to stop them from challenging an unjust *status quo.* And this has served in turn to make legitimate—or at least, acceptable—the Pope's own immoral attempt to suppress liberation theology and its priests.

So I have come full circle: reassured about the biblical and theological basis for my now almost lifelong beliefs (40 years is a crucial biblical number), yet depressed by many attempts to sidetrack religious belief and accompanying political action by an emphasis on individual belief and behavior which are to be divorced from social groups and social consequences.

13 Review of the Evidence

Paul Heyne

1. Ancient Literature

Barry Gordon's masterly survey of "Theological Positions and Economic Perspectives in Ancient Literature" (Chapter 2) sits uneasily in a volume that asks how sensitive economics is to theological considerations. The editors have defined *economics* for the purposes of this book as *economic analysis* in Joseph Schumpeter's sense: a body of techniques (history, statistics, and theory) that "scientific" economists command, whose possession and use distinguishes them from all other people who think, talk, and write about economic topics. Given this definition, there was no economics in ancient times.

There were perspectives on the social organization of productive activity, however, and Gordon shows that they could be quite sensitive to theological considerations. St. John Chrysostom and St. Augustine of Hippo provide the most instructive examples. Chrysostom advocated voluntary communism because he thought it could produce an equitable and economically secure society. Augustine argued for private ownership because he thought communal ownership would break down quickly in conflict and chaos. Why did their predictions differ so radically? Gordon says that Chrysostom was able to contemplate a "Christian society" whereas Augustine saw every temporal society as a perpetual battleground between earthly and heavenly civilization. But what accounts for this radical difference of perception? Gordon attributes it to different conceptions of the Fall and restoration of mankind. The theology of Chrysostom and the Greek Fathers laid great stress on the incarnation of Christ, and saw it as God's first step toward the restoration of the integrity and innocence that reigned on earth before Adam's Fall. For Augustine the Fall had produced a diminution of humanity's powers so radical as to preclude any temporal establishment of the City of God.

If Gordon is correct in his claim that Chrysostom's theological position is more compatible with the Bible, why did Augustine take such a contrary theological stance? Was it because he was a more attentive student of actual human societies, someone more inclined than most Church Fathers of his time to use secular history, [crude] statistics, and theory to understand social phenomena? Gordon makes a cogent case for the influence of theological considerations on the differing economic perspectives of Chrysostom and Augustine. But his evidence does not rule out the plausible hypothesis that Augustine's theology took the form it did in order to accommodate what he had learned from his secular study of the way in which societies operated. If his economics was sensitive to his theology, it may have been because his theology was sensitive to his economics.

Similar dilemmas confront anyone who attempts to assess the influence of theological considerations on the economics of scholastic thinkers. They condemned the taking or payment of interest on theological grounds, but they also created numerous exceptions to the condemnation where the repayment of more than had been lent served a valuable social purpose. Usury was something other than usury when it was "justified." And justification always proceeded by means of what we would now call an economic analysis. Yet the economic analysis was often constrained by theological considerations. The *lucrum cessans* justification comes close to formulating the concept of opportunity cost, and would consequently have justified almost any competitively determined market price. Did the scholastic writers who pulled back from and finally rejected the justification of usury on the grounds of *lucrum cessans* do so because they sensed its radical implications for their system of economic ethics? Pushing one step further, did the widespread establishment and acceptance of societies based on specialization and exchange finally cause the whole scholastic system of economic ethics to fall into discredit and disappear? It is difficult to disentangle theological from economic or prudential arguments.

2. Richard Whately

Anthony Waterman would nonetheless like to try. In this age of emphasis on the rhetoric of economics, Waterman remains attracted to the doctrine more traditional among economists: that members of the profession can and ought to keep sharply separate their views on how they would like the world to work from their views on how it actually does work. He thinks highly of Richard Whately in large part because Whately was the first economist to argue explicitly that economics as such could throw no light on "ultimate judgments of value" and, more incidentally for Whately's purposes, that theological sources such as the Bible had nothing to contribute toward a better understanding of how economic systems work. Waterman's case study (Chapter 3) advances the position that economic analysis is quite insensitive to theological considerations.

Most of the evidence he supplies, however, is irrelevant to that argument. Waterman shows how Whately and his contemporaries *talked about* the autonomy of their discipline and its inability to provide policy norms. As a study of economists' methodological writings, his contribution shows us what Whately and others *wanted* to do, not what they actually accomplished. Did they succeed in completely separating economic analysis from those studies, such as theology, that provide value criteria?

Whately predicted that a century hence people would be astonished to learn that economics was once thought to be hostile to religion, as astonished, he says, as they now are by the one-time opposition on religious grounds to the Copernican system. What would he have said about the subsequent opposition on religious grounds to Darwin's theories? The truth is that religious beliefs do presuppose many facts about the natural and social order that science studies, and that religious belief and scientific conclusions can and frequently do come into conflict in the minds of numerous religious believers. Whately's claim that the Bible is not a proper test for the conclusions of science is a *theological* claim, and one that many theologians of his time and ours have disputed. Theologians who once attacked the Copernican system on the basis of the biblical cosmology stopped doing so because the *scientific* evidence compelled them to conclude that the Bible is not a reliable source of astronomical truths. Some theologians are still adjusting to Darwinian biology, and the adjustments go back and forth because biological science in this area is less complete and compelling than the Copernican theory of the solar system. Theology is the λογος or science of God and as such has never been completely impervious to the influence of other λογοι or νομοι.

Why should it have been impervious to the influence of political economy? Were the theological convictions of Malthus and his friends about God's plans for humanity unaffected by Adam Smith's explanation of how competition allocated resources in a regime of secure property rights and freedom to exchange, or by Malthus's own thinking about the laws of population? Were the theological tenets of the Christian socialists who came along a few years later in no way affected by their analysis of the economic system and their inability to accept the arguments of Smith and Malthus?

And what about influence running in the opposite direction? Waterman has shown in a recent book (1991) how theological criticism prompted Malthus to make changes in his *Essay on Population*. Were these changes strictly confined to theodicy? Is it possible that the increased emphasis given by Malthus in the second *Essay* to "another check to population which does not come under the head of either vice or misery" was prompted by theological considerations? It seems not only possible but probable. Actual thinking is a lot less airtight than the compartments with which we think about thinking.

Some thinkers like clear boundaries. They want to know exactly what they are doing and what they are not doing, and usually have few difficulties in deciding. Well-demarcated compartments for thought suggest themselves readily to thinkers of this sort. The distinction between description and evaluation, for example, is likely to impress them as an obvious one, and they will insist upon the necessity of sharply distinguishing the scientific work of finding out "what is" from the policy maker's task of deciding "what ought to be." If these thinkers are economists, they are likely to believe that they can construct tools for analysis that will not be influenced by theological, ethical, aesthetic, or other "contaminating" influences. Only logic and observation should be allowed to influence science, including the science of economics; all other influences ought to be excluded. Neither Philip Wicksteed nor Frank Knight was this kind of thinker.

3. Philip Wicksteed

A major theme of Ian Steedman's essay (Chapter 5) is Wicksteed's refusal to draw distinctions. He will not separate the material and the spiritual, the ends of life and the means employed, lower and higher motives, the intentions behind an action and its consequences, economic and noneconomic motives or phenomena, economic life and the rest of life. There are no incommensurables in the world as contemplated by Philip Wicksteed.

Did Wicksteed bring this unity of vision with him from theology into economics? Since Steedman does not consider anything Wicksteed wrote before his encounter with Jevonian economics toward the end of 1882, his essay provides no evidence that would bear on the question. What we do have are numerous indications from Wicksteed's post-1882 religious and ethical writings that the marginalist perspective had quickly suffused all his thinking. Wicksteed did not simply learn this from Jevons. He took Jevons's insights and carried them much farther than Jevons himself (who died in 1882) had done. Wicksteed was the first economist to see clearly that the marginal way of thinking that had begun to filter slowly into economics in the latter half of the nineteenth century offered much more than a way of analyzing the phenomena of agriculture, industry, and commerce. The "psychological law" that expresses itself in economic activities is the law that dominates all of life.

As a Unitarian, Wicksteed would not have been inclined to submit his vision to any body of authoritative religious writing for theological correction. Reason, informed, of course, by the tradition Wicksteed had inherited, was the authority that ultimately governed his thought. When he found in economics a principle able to illuminate and direct his interests and concerns, Wicksteed allowed that principle to organize all his thought: his religious and ethical writings as well as his more narrowly economic writings. What we have here comes closer to showing the sensitivity of theology to economic analysis than the sensitivity of economics to theological considerations. What Wicksteed's work most clearly demonstrates is the illuminating power of a system of social thought informed by the marginalist perspective but always open to the variety, range, and depth of human phenomena.

4. Frank Knight

Ross Emmett chose aptly in beginning his essay on Frank Knight (Chapter 6) with the thesis of Arthur Vidich and Stanford Lyman that "the central problems and concerns of American social science 'emanate from the dilemmas and contradictions in the relationship between God, the state, and civil society.'" Like Wicksteed, Knight came to economics from religion. And though Knight, unlike Wicksteed, was not professionally affiliated with any religion, religious questions played a more dominant role in Knight's thought than they did in Wicksteed's. As Emmett puts it: "Knight's work expresses the tension between the need to get on with the work of making sense of a world in which God is absent, while remaining acutely aware of what we have lost because God is no longer present."

Was Knight's economic analysis sensitive to his (unorthodox) theological concerns? The answer depends partly on what we are willing to count as economic analysis. Emmett's chapter looks at Knight the broad social analyst, rather than at Knight the narrow economist. In doing so, however, he is faithful to the priorities of Knight himself, who thought that economics was merely a preliminary though essential step toward the discussion of truly important questions. A key consideration is the way in which Knight's "theology" seems to have directed his research agenda, keeping him preoccupied with the questions that Emmett discusses rather than the more technical issues he might have been expected to take up as a professor of economics at a leading American university.

Like Wicksteed, Knight found many of the distinctions ordinarily employed by people who discussed economic issues unhelpful, beginning with the word "economic" itself. He also found many of the simplifying assumptions made by economic theorists quite misleading, even when acknowledging that these assumptions were essential to their narrow analytical task. Knight was determined to see all sides of the phenomena he studied, to point out the limitations of the arguments he himself accepted, to build on no foundations without also undermining them, to draw no strong conclusions without acknowledging the compelling force of the exactly opposite conclusion. For Knight there was no logical place to begin an argument and no authoritative way to proceed with it, and his scorn for those who believed that "Science" commanded the highway to "Truth" was as sharp as his dislike of those who wanted to impose a "revealed" truth.

Economists like to portray themselves as utterly incompetent to prescribe the ends that societies or their members ought to pursue, but as experts on the choice of means to achieve whatever ends happen to be selected. While Knight sometimes worked with this version of the economist's task, he did not fully accept it. Ends, goals, or wants were not something "given," with only the means toward them left to be chosen. One of our wants, Knight insisted, was for better wants. As Emmett points out, the most important task of the social scientist— according to Knight—was to promote the free discussion of values, a process that forms the essence of democracy and lies at the heart of a liberal society. He had no use for the dominant view among contemporary economists, that values go into the category "tastes and preferences" and are simply to be accepted as "given."

How shall we characterize a social thinker who insists that we must criticize our values and standards, but do so without the benefit of any absolute values and standards on which to stand? The term "atheistic theologian" suggests itself. It might be hard to defend the claim that Knight's economic analysis was sensitive to theological considerations. It would be much easier to argue that his economic analysis was *constrained* by theological considerations. Emmett's subtitle, economics versus religion, is quite to the point.

Wicksteed and Knight were exceptional among economists in their sensitivity to the wider implications of their own thought. Their great strength as social analysts lies in the *unity* of their thought. They integrated their theology with their economics. Knight did so far more obscurely. Wicksteed usually took great pains to begin where his readers were and to lead them gently where he wanted them to go, while Knight's essays often proceed as if the reader is already familiar with the argument and needs only to be reminded. But Knight probed more deeply than did Wicksteed, who could still take for granted in making his arguments a comfortable background of conventional religio-ethical beliefs. In neither case, however, does anything like an orthodox theology influence their economics. Nor can we even say with confidence that the influence ran from theology to economics. In Wicksteed's case the evidence is much stronger for influence running in the opposite direction. With a thinker like Knight, who repudiates foundations, influence runs simultaneously in all directions.

5. John Bates Clark

The clearest argument among the cases before us for a strong theological impact upon economics is in the case of John Bates Clark as interpreted by John F. Henry (Chapter 4). Henry shows that Clark held strong religious beliefs throughout his life, and claims that however much Clark tried to "mute" those beliefs in his later economic writings, they persisted and infiltrated his mature scholarship.

Up to about 1886 when he published *The Philosophy of Wealth*, Clark operated within the assumptions of the social gospel movement. This was a movement, led by Protestant ministers and other religious thinkers, that was highly critical of economic competition. Clark was not critical of competition itself, but only of some of the forms it had taken by the late nineteenth century. In earlier periods, when there had been rough equality between workers and capitalists, competition yielded a just and morally defensible distribution of income. But with the increasing concentration of capital and the corresponding rise of labor unions, competition had disappeared and been replaced by conflict between large groups. This situation called for a new system of distribution based on criteria of justice rather than mere force. Clark's writings up to 1886 are largely devoted to suggesting how existing organizations might be reformed to move the economy from competitive capitalism to a noncompetitive system in which, to quote Henry, "evils are abolished and injustices remedied by a divinely ordered process which Clark equated with 'moral force.'"

After 1886, however, Clark became less critical of competition and more critical of those who perceive it to be operating unjustly. The problem is no longer an unjust distribution of income produced by the power structure of the economy, but the erroneous belief that the distribution of income that competition yields is unjust. Clark set out to explain the process by which income is in fact distributed and began to construct the marginal productivity theory that eventually earned him a place among the most distinguished theorists of the "neoclassical" reformulation. *The Distribution of Wealth* pulled all this work together in 1899. The mature Clark had come to the conclusion that competition allocated to each producer the additional wealth created by the contribution of that producer's resources to the overall productive process. Clark is famous among economists for his logical explication of this argument, and infamous for his additional claim that the resulting distribution must be just because it assigns to all participants the value of their own particular contribution.

Henry maintains that Clark's religious views explain both his early and his late economic positions. His continuing concern was to justify the existing capitalist system by showing that it was consistent with, or could be made consistent with, the moral order willed by God. He saw clearly the unrest and dissatisfaction of workers with both the economic system and the churches that had tied themselves to that system, and he wanted to save both. Before 1886 he attempted to use moral forces emanating from the church to transform the economic system into a just system—without, however, threatening the fundamental institution of private property. After 1886 he tried to use "scientific" arguments grounded in economic analysis to transform people's mistaken belief that the economic system was unjust: which implied, of course, that no changes in fundamental economic institutions were required or desirable.

Are we compelled by Henry's evidence and arguments to conclude that "religious precepts dictate[d] the development of his mature economic theory as found in *The Distribution of Wealth*?" Clark was religious and used religious arguments extensively in his early writings about the economy. But he also studied the logic of the competitive process and, as he did, so reduced his use of religious arguments when writing about the economy. It was not his religious beliefs that changed him from a critic to a defender of the way that competition operated in the late nineteenth century, because his religious beliefs do not appear to have altered in any relevant way. It was his economic studies that altered both his outlook and his conclusions.

Henry has provided us with a particularly compelling argument for the autonomy of economic analysis because it is not the argument he wants to make. Because he himself holds strongly to the view that ideology shapes economic science and does not hold Clark's contributions to that science in high regard, he has no difficulty concluding that Clark's mature economics is founded on a conservative religious ideology. The best test, however, would be the *change* that occurred in Clark's social arguments after 1886. I find it much easier, from the evidence provided in Henry's informative essay, to attribute this change to the development of his narrowly economic analysis than to changes in his religious beliefs. Modifications in his social *theology* after 1886 are best understood as adjustments necessitated by changes in the way in which he had now come to understand the working of the economic system.

6. *ORDO* Liberalism

If Henry's case study provides the clearest test for the sensitivity of economic analysis to theological considerations, Richard Wagner's essay on *ORDO* Liberalism (Chapter 7) offers the least clear test. Economics can be informed, Wagner tells us, by theological knowledge and this, he claims, is the situation with *ORDO* liberalism. It is in fact "fairly easy," he says, to see religious beliefs at work in the writings of at least some *ORDO* liberals. It is not so easy, however, to find supporting evidence for this claim in Wagner's chapter.

Wilhelm Röpke had disdain for excessive commercialism and high regard for bourgeois values. Alfred Müller-Armack valued both liberty and security, thought that most other people did so also, and wanted government policy to support both. There is nothing peculiarly theological about these beliefs, and we are not told exactly how they affected the economic analysis of either Röpke or Müller-Armack. "For those who profess the Christian faith," Wagner says, "*Ordnungstheorie* represents an effort to think systematically about the order of creation." But the question before us is whether the systematic thinking of the *ORDO* liberals was different from what it would have been had they not held to the Christian faith.

Walter Eucken, the premier *ORDO* economist, believed it was the proper task of government to establish a framework or economic order within which economic processes could occur, but not its proper task to interfere with those processes in order to secure particular outcomes. What reason do we have for supposing that Eucken took this belief over from religion or theology? Even if some *ORDO* liberals gave religious reasons for supporting a market order rather than a collectivized order, others could and did arrive at the same position without sharing the religious faith of the *ORDO* members. If the *ORDO* liberals began with a commitment to freedom of exchange and association as a basic principle of social organization, and did so because of "normative commitments to human freedom and dignity," they were not necessarily being influenced by religion or theology. And when Wagner admits that they were also influenced by "positivistic beliefs" that market principles were more conducive than collectivism to human flourishing, the influence of religious beliefs on the economics of the *ORDO* group becomes extraordinarily *difficult* to see, or at any rate to see clearly.

Wagner makes the interesting claim that *ORDO* was not actually a scientific program "in the sense of [logical?] positivism" because a strictly positivist economics "cannot help but seek ultimately to explain everything." That supposedly eliminates freedom by leaving no room for genuine human choice. The *ORDO* writers did leave room at least for choice of the framework within which economic activity would be conducted, and this, according to Wagner, is "a position consistent with Christian beliefs about freedom and responsibility." By this argument, theological considerations ought to attract economists who hold the Christian faith to the study of constitutional political economy, because only by taking up the choice of frameworks for economic activity can they avoid repudiating basic Christian beliefs while remaining scientific economists. The whole argument rests on the questionable assumption that the use in social science of a model that claims to be capable of explaining all human behavior commits the user to a completely determinist philosophy.

7. A Concluding Thought

Wagner, like many other economists, would like to be able to distinguish the separate effects on public policy of "cognitive" and "valuational" judgments. He admits that this is difficult "in practice" but insists that "the distinction is relatively clear conceptually." But is it even clear conceptually? The cognitive process occurs in human beings operating with particular histories, traditions, background assumptions, and their own notions of importance, relevance, and value. In such a situation, how can cognition be clearly distinguished from evaluation, even conceptually?

It is often useful to ask whether or when or to what extent economics is sensitive to theological considerations, or to political, ethical, or any other "valuational" judgments. We do consider the source when we want to assess a proposition that we have been invited to accept. What I find strange and indefensible is the assumption often underlying such an inquiry, that the discovery of any such influence *discredits* a scientific proposition. Those who believe it does might well pause to ask what theological, political, ethical, or other "valuational" judgments underlie that assumption.

14 Economics as Religion

Robert H. Nelson

1. Theodicy and "Salvation"

Perhaps the central question for Christianity is the existence of evil. When and why did evil begin in the world? How deeply has human nature been corrupted? How can humanity escape its state of sinfulness, finding the path of salvation?

In taking up these matters, as Barry Gordon observes in this volume (Chapter 2), Christian theology often addresses economic subjects. Before the Fall in the Garden of Eden, there were no private possessions and all property was held in common. Work was pleasurable and done for the benefit of all. Material needs were easily and abundantly met. After the Fall, however, all this changed. Greed, jealousy, and other self-interested motives dominated human affairs.

Instead of abundance of material things, there was scarcity. Instead of possessions held in common, individuals now claimed exclusive rights to their own use. Instead of need, the outputs of the world were distributed according to power, as reflected in control over the instruments of private property and government.

The biblical promise of a future redemption thus included among its major consequences the elimination of scarcity, and therefore of private property, self-interest, and other sinful features of the earthly economy. The early Christians believed that this transformation of the world would soon occur, after which Heaven would reign on earth. However, as centuries passed and events proved otherwise, Christian theology was forced to come to terms with the persistence of *terrena civitas*, the "earthly city," as St. Augustine called it. God's design, it appeared, entailed a long period during which humanity must live in a world filled with many evils. In the meantime humans had no choice but to bear with this unfortunate state of affairs as best they could.

However, in the modern age, considered here to date from the late seventeenth century to the present, there arose a new prospect. The revolutionary discoveries of Sir Isaac Newton, along with other developments in scientific method, opened the possibility that the human race by its own actions might transform the world. In the Enlightenment many came to believe that mankind could achieve not only a perfect scientific understanding of the physical world but of the social world as well. Knowledge previously possessed by God alone soon might come into human hands. It seemed to many people that human beings through their own efforts might finally bring Heaven to Earth.

Moreover, the transformation of the world would occur to a significant degree in the economic realm. As the Fall of Adam had meant the onset of material deprivation and many other economic maladies, salvation would mean their elimination: not in the hereafter but here and now by the application of the scientific discoveries of the laws of economics. A new priesthood must help to show the way: the economists of the world who possessed key scientific knowledge required to save mankind.

The new powers bestowed by economic and other scientific knowledge could be seen as part of God's grand design for the world. They could be part of the way in which God had always intended that his final plan would be realized. There was another possibility, however. If economic progress could bring Heaven on Earth, and if economic knowledge could be applied as a matter of human effort alone, perhaps God was no longer necessary. Perhaps men and women now held their fate solely in their own hands. Indeed, the rise of "secular theology" with such messages—in many cases representing forms of "economic theology"—has been one of the shaping features of the modern age.

2. Scarcity and Evil

In economic theology, the answer to the problem of evil is no longer to be found in the Bible. Rather, the existence of evil is explained as a matter of the dire material circumstances of past history. Human beings have killed, fought, stolen, and generally behaved so badly simply because they have been driven to it by poverty, disease, and their general state of material deprivation. However, if we can eliminate material scarcity, as economic progress promises, then salvation will be at hand.

It has long been clear that Marxism is a secular religion of this kind. Marxism belongs to the apocalyptic tradition in Western religion. Following a cataclysmic triumph of the proletariat, Heaven will arrive on Earth. Men and women will then live happily in a state of harmony with their true nature, a state of affairs which the Bible tells us existed in the Garden of Eden, and which it promises will be our future lot in Heaven. Government and property are to be abolished both in the Marxist vision of a future Heaven on Earth and in the Christian vision of Heaven in the hereafter.

Devout hopes for the arrival of Heaven on Earth are also found in socialism, American progressivism, and other secular religions: the various "denominations" of the modern religion of economic progress. All these creeds have been invested with the fierce personal commitment, great emotional energy, and dedication to save the world that previously were directed into Jewish and Christian faiths. For the modern age they represent, in essence, the secularization of the Judaeo-Christian tradition (Nelson, 1991).

Thus Ross Emmett (Chapter 6) remarks that economic theology elevates scarcity to become the central concern of morality. "Despite the fact," he tells us, "that modern economists often forget it, their investigations of the universal problem of scarcity and its consequences for human behavior and social organization is a form of theological inquiry: in a world where there is no God, scarcity replaces moral evil as the central problem of theodicy." Christianity and economic theology thus may not be mutually supportive, but on the contrary may provide alternative explanations of the existence of evil in the world and therefore of routes of escape. They can in this sense be viewed as competing religions.

It is consistent with this view that Frank Knight, like a number of other prominent economists of the twentieth century, took up economics as he abandoned traditional religion. Yet though he repudiated religious conviction, Knight acknowledged that economics was unable to provide a complete set of answers to the human condition. Unlike many economists, Knight also recognized that the modern role of the economist was that of the priesthood of old. Economists dispense social legitimacy and serve as advisors to heads of government, as other priesthoods once served in these capacities for previous rulers.

Other members of the school of economics with which Knight was associated, that of the University of Chicago, were not always as subtle as Knight. At times the more evangelistic of the Chicago school have seemed to proselytize for the saving power of the competitive market. Its workings are said to produce a perfectly harmonious and prosperous world. As the distinguished theologian Paul Tillich once remarked with respect to the vision of Adam Smith: the "idea of Providence is secularized in the Enlightenment"; its first "clear expression...can be seen in the area of economics. It was expressed by Adam Smith...in his idea of harmony," a harmony found in the hidden hand of the market, which yields a division of labor without any conscious intent or plan.

While Knight frequently showed antagonism to religion, other economists have attempted to reconcile traditional faith with economic science. As A. M. C. Waterman explains (Chapter 3), the early-nineteenth-century economist Richard Whately sought to allay a widespread concern that "associated godlessness with political economy." Many English clergymen and lay intellectuals of that time were prepared to reject political economy altogether as immoral and atheistic. Yet Whately, a devout Christian himself, also gloried in the advances of Newtonian physics and believed that the same scientific methods must be applied to the social world. Whatever the implications, for Whately and other Christian faithful there could be no turning back from the vastly expanded powers of human understanding released by Newton.

The means proposed by Whately of reconciling Christianity and economics was to assert a sharp boundary between the two. There was no conflict, Whately argued, because they dealt with different subjects and involved separate aspects of life. Society should not look to the Bible, therefore, to prescribe the best mode of economic organization. Similarly, political economy should not be regarded as a source of ultimate truth. In arguing for this separation, Whately set the stage for many subsequent attempts to distinguish the normative from the positive. These include the American progressive dichotomy between "politics" and "administration," and still later the belief of many current economists that social and policy issues must be separated into distinct realms of subjective "value" and objective "science."

3. Economics *or* Religion?

It must be said that attempts to separate religion and economics today seem less and less plausible. For one thing, the proposed separation makes no sense if, as I have been arguing, economics itself often assumes a fundamentally religious character. Equally troublesome, the attempt to separate the two is not compatible with investigations of many social scientists into the actual workings of social decision-making. Charles Lindblom, for example, writes in "The Science of 'Muddling Through'" and other writings that government in practice works in incremental, evolutionary ways, and is seldom guided by clear goals. The values of society are not set in advance. Rather, they are worked out gradually and come to be fully recognized only after the fact. In short, the means of determining the religious values of society and the means of implementing these values are really all part of one seamless web.

Two later economists considered in this volume, John Bates Clark in America and Philip Wicksteed in England, took a very different approach from Whately. Rather than seeking to separate religion and economics, they saw economics as the decisive instrument for realizing the purposes of Christianity. It might be said that God intended that economic laws should be discovered in order that the salvation of mankind might finally be attained. The study of economics should logically be located in the school of theology, as some economists and theologians of the late nineteenth century suggested.

John Henry writes (Chapter 4) that the entire early output of Clark "is directed toward establishing a religious base to his perception of economic theory and its functions." In the vision of "true socialism" proposed by the early Clark, one finds a "millennial view" in which "evils are abolished and injustices remedied" by following along an economic path. In the mature Clark, there is still an economic route of salvation, but it is to be found in the workings of the competitive market. The religious foundation, moreover, has been pushed somewhat below the surface. Given the religious pluralism in American society, professional economists were careful not to link their fate too closely with any particular version of the Christian gospel. Hence Clark moved over the years to become more "scientific" in his economic writing and more "professional" in its presentation.

Nevertheless, the religious inspiration was never far below the surface. In a moment of enthusiasm, Clark wrote in 1914 of "a glory" that can be attained through the "moral redemption of the economic system." If economics were correctly understood, the prospect in store for mankind would be in fact a "new Jerusalem" emerging from "the fierce contentions of the modern market."

Clark was representative of many American economists of his era. The central figure in the founding of the American Economic Association in 1885, Richard Ely, was also a leading social gospeler of the time. At the first meeting of the association, 20 of the 50 who joined were former or practicing ministers. According to Ely, the role of the professional economist was to provide the practical knowledge with which to abolish poverty, eliminate slums, and eventually provide the good life for all. The purpose was not merely a utilitarian banquet of the pleasures of this world but the creation of the Kingdom of Heaven here on Earth. In *The Social Aspects of Christianity* (1889), Ely argued that "Christianity is primarily concerned with this world." Indeed, what we "learn about heaven" in the Bible is meant to apply to the here and how. Thus for Ely salvation is not to be found in the hereafter; instead, "God has given to his people this world for salvation."

Gradually, like Clark, Ely was pressured by fellow economists to limit the more overt forms of such religious proselytizing. Moving toward the views of Whately and Senior, the economics profession would seek to maintain a clear separation of value questions from scientific questions. In his later years Ely devoted much of his professional effort to technical studies of land use, as Clark would become best known to later economists for technical inquiries into the distributional consequences and other workings of a market system.

In England in the late nineteenth century the Unitarian economist Philip Wicksteed preached a gospel similar to that of Ely and Clark in America. The Bible, Wicksteed asserted, proclaims the message of "the Kingdom of God on earth, not in heaven." Those who merely wish for this result, or who believe that God will bring it about without any intense human effort, are fated to be disappointed. Rather, the scientific study of society—and especially of its economic workings—is a necessary element in the perfection of earthly existence. If theology is correctly understood, economics becomes an essential component in realizing the divine plan. As Ian Steedman writes (Chapter 5), "for Wicksteed, the spiritual, the social and the material are inextricably interrelated."

In a way that is similar to Ely's, Wicksteed argued that Christian values must be expressed throughout the economic system. The actions of the businessman should be driven by compassion, even love, for fellow human beings. The economic system envisaged by Wicksteed is far from a world of cut-throat competition and the uninhibited pursuit of self-interest. The process of realizing Heaven on

Earth should be occurring all around us in the present time. Hence those engaged in the world of business and other economic affairs should be seeking to meet a heavenly standard of behavior today.

Though T. K. Rymes does not explore the matter in his essay (Chapter 8), John Maynard Keynes seems to have agreed with some parts and rejected other parts of the Wicksteed theology. Keynes suggested on several occasions that the route to Heaven on Earth followed along an economic path. In *The General Theory* (1936, p. 376), Keynes prophesied a "sea-change" in the human condition, once the problem of cyclical fluctuations and underemployment of resources had been solved and continuous rapid economic growth was assured for the future. By contrast with Wicksteed, however, Keynes believed that self-interest in individual behavior must remain widespread in this world for some time to come. As he put it in his 1930 essay on "Economic Possibilities for Our Grandchildren," for "at least another hundred years we must pretend to every one that fair is foul and foul is fair; for foul is useful and fair is not."

Yet, Keynes believed that when the problem of economic scarcity was finally resolved, when a state of full material abundance existed everywhere, when all real needs had been met, then the human condition would be transformed.

> [After 100 years] I see us free, therefore, to return to some of the most sure and certain principles of religion and traditional virtue—that avarice is a vice, that the exaction of usury is a misdemeanor, and the love of money is detestable, that those [who] walk most truly in the paths of virtue and sane wisdom [are those] who take least thought for the morrow.
>
> We shall once more value ends above means and prefer the good to the useful. We shall honour those who can teach us how to pluck the hour and the day virtuously and well.... But beware. The time for all this is not yet.... Avarice and usury and precaution must be our gods for a little longer still. For only they can lead us out of the tunnel of economic necessity into daylight (Keynes, 1963, pp. 371-372).

4. Economics *as* Religion

Taken together, the chapters in this book shed further useful light on the relation between economics and theology. It is not enough to say that economics is influenced by theology. In many cases it is more correct to say that economics becomes an important element of theology, becomes even the heart of a secular theology itself. The expulsion of Adam and Eve from the Garden of Eden was realized in part through economic events. Attaining the Kingdom of Heaven will mean in part the solution of economic problems. The Bible provides an explanation of how all this was to follow according to the design of God. For many in the modern age Christianity ought now to be reinterpreted so as to incorporate the discoveries of economic science as a central element of the divine plan.

But others have rejected Christianity altogether, turning to new secular beliefs grounded in a faith in the transforming power of economic progress alone. In such an economic theology, the *source* of evil is to be found not in Fallen human nature but simply in economic circumstances themselves. The escape from evil becomes a matter of economic progress. The path to Heaven on Earth follows an economic route. The meaning of human existence, the fate of human beings, and other central questions of religion are all to be interpreted in economic terms. Here economics is not "influenced" by theology but actually *takes the place* of traditional theology. The laws of economics are substituted for the laws of God. Professional economists are the relevant priesthood, that group which through its knowledge of secrets of economic growth now holds the keys to salvation.

Does this mean that it is impossible to be both a true Christian and a professional economist? There are, of course, many who seek to be both. There is an Association of Christian Economists to which some of the contributors to this book belong. But might this attempt lead to the worshipping of two gods, and a seeking to blend together things which are truly irreconcilable?

Most economists would say "no." Professional economics and Christianity (or Judaism, or Islam) need not be in any direct conflict. After all, the operation of the law of supply and demand is clearly not a matter of theology. And technical knowledge of the workings of supply and demand can be useful to people with all kinds of religious values and faiths. Economics may thus be said to be the study only of such mundane phenomena as the production and distribution of goods and services: hardly what we think of as "religion."

Yet to portray economics in this way may be disingenuous. It cannot, for example, explain the great social influence that economics has exerted in the modern age. An economics devoid of theological significance would be cautious, hesitant, retiring—a pale imitation as compared with the central role of economic thinking in the events of the past three centuries. Only a religion, and not a mere system of ordering practical affairs, could have had such vast power to shape the modern era. The thinking of such economists as Adam Smith, Karl Marx, and John Maynard Keynes has formed modern society because their prescriptions have carried the authority of true religion for many millions of faithful. Even when they intend otherwise, economists who join the economics profession may become part of the life and ritual of a community grounded in a powerful secular theology.

The American people have made economic growth the highest value in American life because growth has been expected to transform the emotional and spiritual condition of mankind. Economic progress is expected to bring Heaven on Earth. Indeed, the very success of modern economies in actually generating rapid growth and in achieving a standard of living quite unprecedented in human history, may have depended in part on the social sanction of a powerful secular religion. Remove the moral approval of this religion, and many members of society might not be so willing to bear the many large dislocations and to make the other major sacrifices often necessary for rapid economic growth.

The questions raised here hold many possibilities for further inquiry. What seems clear today is that the old answers, and especially the attempt to argue that economics and religion can be confined in separate domains, will not hold. Since much of the economic and theological writing of the past 100 years or more has assumed otherwise, it may be necessary to turn in quite new directions.

15 The Impossibility of a Theologically Sensitive Economics

Karen I. Vaughn

The question posed in this book is, "To what degree is economics sensitive to theological considerations?" To some, this might be a peculiar question to ask. Economics, after all, is a social science built upon certain observed regularities in human behavior. The construction and acceptance or rejection of theory is an entirely secular project that does not admit theological argument. Although at one level, I will argue that this is the appropriate answer to the editors' query, at another level, this answer may be challenged.

To be sure, economics is fundamentally a disciplined study of human action, but what one brings to that study may well depend ultimately on theological grounds. A study of human action depends upon a set of premises about human nature, its capabilities, and limitations. Such beliefs, however, are often rooted in theology. To know ourselves is to know our place relative to God. Moreover, economics is not simply austere scientific theory.

Economics is a discipline that is used both to interpret the world and also to try to change it. Economic interpretation means attempting to make sense out of the complex interactions of human beings and to render judgments about them. From the earliest ruminations about economic phenomena, explanations about the workings of the social world have been intricately tied to questions of the justice of human dealings. From Aristotle's analysis of exchange within the context of his discussion of the ethics of human behavior (*Ethics,* book 5) to the medieval literature in which virtually all explorations of economic theory were part and parcel of theological discourse (Baldwin, 1959), economic activity has been held up to external criteria of judgment. Even if economic theory is considered a solely secular enterprise then, the interpretation and judgment of the economic realm are related to theological concerns. In addition, economics is often instrumental in attempts to change the world. Economic policy is the use of economic theory to bring about ends that are presumed desirable. Clearly, "desirable" is an evaluative term that must be based on some nonscientific criteria. In both these wider endeavors, theological concerns can play a major role.

Hence, there are a variety of ways in which the economics written by economists might be sensitive to their religious or moral beliefs. We see in the chapters in this book at least three and perhaps four ways in which the theological concerns of the economists under study have affected some aspect of their work as economists.

1. On the Possibility of a Social Science

Not surprisingly, the most fundamental level of potential sensitivity is presented in Barry Gordon's article on ancient, primarily biblical, literature (Chapter 2). This chapter may not be fair evidence for the general question posed here since in no way can the ancient writers that Gordon discusses be considered economists. Yet the implicit question posed in the writings reported on in the first part of

Gordon's chapter is indeed fundamental to economics and to social science in general. In essence, the question asked in the Pentateuch as Gordon reports it is this: "Is economics as a science possible?"

Gordon claims that there would seem to be at least two voices in the first five books of the Old Testament. One has been labeled the *Yahwist*, the other the *Elohist.* Each tells the same stories of the early history of God's people in very distinctive ways. The two relevant stories, of Abraham's prosperity as a shepherd and of Joseph's success advising Pharaoh in Egypt, have very different implications for the possibility of economics.

The Yahwist describes both Abraham and Joseph as creative and effective in making a living. Abraham prospers because he is able and shrewd. Joseph find favor with Pharaoh because he has foresight and good management skills during the years of plenty and the years of famine. The Yahwist, furthermore, stresses the immanence of God in the world which may imply, in a sense, that we share in God's ability to understand reality and to act purposefully to overcome obstacles. Men and women can be successful and entrepreneurial because they have God within them.

The Elohist, on the other hand, describes the success of both Abraham and Joseph as a consequence of God's speaking to them in dreams. To the Elohist, Abraham and Joseph are successful in their activities only because God tells them what to do. In the Elohist's view, it appears that we are shells whose actions are directed by a transcendent God who speaks to us from afar. We ourselves cannot offer genuine reasons for our actions. In this respect, the Elohist's account of human action resembles that of the behaviorists. For to the strict behaviorist the human subject is a pure reactor to exogenous stimuli. Self-explanation is illusory.

Clearly, a Yahwistic interpretation of human action is far more consistent with science than is an Elohist interpretation. The minimum requirement for a social science is a belief that man is an independent intellect capable of self-direction and of purposive action. We might argue that we have such abilities only because we carry the spark of God within us. Nevertheless, a self-directed, purposeful individual who assesses and responds intelligently to constraints can be the subject of a disciplined study. A robot responding to messages in dreams cannot.

Gordon goes on to show how much biblical literature complements the Yahwist's view of human nature, and supports the possibility of a social science, by describing Adam and Eve as workers. Man as worker, in the literature cited, is one more manifestation of the degree to which we reflect God's likeness, since God Himself, both as creator and as redeemer through Jesus Christ, is also a worker. Work is both a theologically charged activity, and the way by which humans get their living. Hence this fundamental level of how one understands human action in an important way is deeply sensitive to theological (or philosophical) concerns.

2. Economics as Interpretation

A second kind of sensitivity to theology that economists might demonstrate is in the judgments they pronounce upon the implications of economic theory. How do we view the behavior of economic actors and how do we evaluate the outcomes of that behavior? The economists in this volume who most directly show that kind of concern are J. B. Clark, Philip Wicksteed, and, surprisingly, Frank Knight. All three took the tenets of economic theory as lawlike propositions and evaluated the implications of economic theory from a theological perspective.

J. B. Clark is, of course, the most obvious case. As Henry shows us (Chapter 4), Clark was trying throughout his life to find a religious basis for understanding economic progress. At first his project led him to advocate direct measures to bring about God's kingdom on earth, while later in life his religious views affected profoundly his interpretation of economic theory. At all stages of his career, Clark was motivated by the search for distributional justice. What changed during his life was the way economic theory illuminated the problem for him. The early Clark bemoaned the injustice brought about by the decline of competition, but saw changing economic institutions like labor unions and arbitration as the means for bringing about distributional justice. The later, more mature Clark developed the product exhaustion theorem, and from this concluded that markets were indeed just and part of God's evolving plan.

Although Clark clearly was motivated to pursue his study by his religious beliefs, it is important to point out what he was not doing. Clark did not tailor his economic theory to fit his preconceptions. On the contrary, Clark accepted economic theory as scientific and used his theology to judge and interpret that theory for human life. While he concluded that (competitive) markets were just because workers were paid their marginal products, leaving no exploitative surplus, another economist with different religious beliefs could have concluded something quite different about product exhaustion.

Philip Wicksteed is a second case of someone whose theological views affected his interpretation of economic theory. Steedman shows us (Chapter 5) that Wicksteed regarded markets as morally neutral. What emerged was a consequence of the activities and values of the participants. Hence, he took it as his responsibility to instruct Christians on how they should behave in their economic dealings. Economics is postulated on self-seeking; markets give rise to wealth. But Wicksteed would argue that not all wealth is good and the exclusive self-seeker is a monster. Hence, for Wicksteed, markets are a kind of social machinery to be used by Christians for moral purposes. And while Steedman also tells us that Wicksteed regarded economics as "inseparably linked to ethics, politics, and sociology," his theology influenced his judgment of economic action, not his economic theory.

Whereas both Clark and Wicksteed were obviously religious men who were concerned about the relation between human economic action and God's purposes, Frank Knight's sensitivity to theological concerns is more subtle. As Emmett interprets Knight's ideas (Chapter 6), Knight sees a theological purpose for economics. Since he regards religious explanations of social events as outmoded, economics takes the place of religion in explaining the social world. Economics is capable of explaining how individuals can live peacefully together in a complex society. And although this is important information, it is subservient to the larger purposes of human life. Our deepest need in a liberal order, according to Knight, is to discuss and agree upon values, an enterprise that most would construe as religious. That Knight chose to place liberal discourse in opposition to religion seems to be the result largely of the kind of organized religions with which he was familiar. Clearly Knight was deeply moved by theological concerns, even though his response to religion was largely adverse. As for his economics, its sensitivity was at the level of interpreting the implications of economic theory for larger social and ethical concerns.

3. Economic Policy

A third way in which we see sensitivity to theological concerns in the chapters in this book is in questions of the application of economic theory to real world problems. Sensitivity of this kind is shown most clearly in the work of *ORDO* liberalism as reported to us in Wagner's essay (Chapter 7), although it also is reflected in the political activism of the early Clark. In the *ORDO* writing, it is clear that economics is a tool to be used to help to bring about other social purposes: the maintenance of bourgeois values, peaceful social interaction among all faiths, provision of security in old age, and the support of small enterprises are several of the goals mentioned. One presumes that these larger values are related to the religious beliefs of men like Röpke, Müller-Armack, Walter Eucken, and Franz Böhm, although the connection is not completely clear. Although the notion that economic theory is merely instrumental in achieving social goals is widespread, what distinguishes the *ORDO* liberals is their explicit attempt to develop policy that is consistent with market forces. Because of their awareness of the limitations of direct social planning, they focused their attention on developing an institutional structure compatible with market forces. Their presumption was that rightly channeled, markets can lead to both wealth and desirable social values, a case of both positively evaluating the implications of economic theory and actively trying to develop policy to guide market behavior.

The proponents of *ORDO* liberalism obviously regarded economic theory as based on laws of human behavior that need to be taken into account before beneficial social policies can be constructed. The achievement of appropriate social goals requires the correct application of economic theory to economic policy. For the *ORDO* liberal, then, public policy was the application of both religion and science to human institutions. Insofar as values always imply certain religious beliefs, the realm of economic policy is always sensitive to theological concerns of some sort or other.

4. Religion and Economic Theory

So far I have identified three kinds of "sensitivity" of economics to theological concerns: the conception of human nature that makes economic science possible, the interpretation or judgment of the implications of economic theory for real world events, and the way in which economics can serve higher policy goals. One possible area of interpenetration between economics and religion that has not been mentioned is the degree to which economic theory itself may be affected by theological concerns. The reason why none of the chapters illustrates this level of sensitivity, I believe, is because at that level, theological sensitivity is irrelevant to economics. It may well be that when Archbishop Whately drew the distinction between positive and normative statements, he was making the definitive claim about the interaction between religion and economics.

In Waterman's essay (Chapter 3), we see how Whately distinguished between scientific and religious knowledge, arguing that although science can enlarge or confirm knowledge of God, science is not "tested" by religion. The Bible is not authoritative for science. This view, of course, is the overwhelming consensus among economists today, most of who wouldn't dream of making religious arguments to support their theoretical propositions. However, even if one were to consider religion to be authoritative for science, that view would be totally irrelevant to the scientific status of one's economic theory. Science is the product of a scientific community that has long since divorced itself from the authority of established religion. I say "established" religion because I do not want to argue that scientific communities cannot, for short periods, fall under the sway of religious-like dogma. Nineteenth-century Manchesterism is one such example: late twentieth-century environmentalism, another.

Economic theory at its most abstract level is a set of implications from a few basic premises. Each individual is taken to be a rational chooser who knows his or her own preferences and faces identifiable environmental constraints that limit the achievement of one's goals. Sacrificing leisure and using nonhuman resources to produce consumable goods, the individual trades with others in markets. Competition limits one's ability to exploit one's own advantage, and so forth. Once the premises are set, the implications are not open to debate on any grounds save logical ones. Regardless of theological belief, a constrained maximization problem is solved in the same way by everyone.

To be called an economist then means to subscribe to a basic core of economic theory regardless of theological presuppositions. Any argument about theory must be made in the language of economic science and must withstand the scrutiny of one's colleagues. In such a setting, the theological presuppositions with which one begins are totally irrelevant to the standing of one's argument. Hence, for example, even had J. B. Clark predetermined that capitalist income distribution was just, his ethical judgment had nothing to do with the logical soundness of the factor-exhaustion theorem. That the theorem was independent of his theology is attested to by the fact that essentially the same theorem was developed by Wicksteed and Walras, among others, within a few years of Clark (Steedman, 1987, pp. 21–22). Clark's theological concerns, as noted above, could only affect his evaluation of the implications of product-exhaustion for society, and could not touch the scientific status of the theorem itself. (On Clark and product-exhaustion, see Dewey, 1987a, p. 430)

The irrelevance of theological or ethical sensitivity to theory construction is demonstrated in another way. Consider that the same solutions to the same constrained maximization models have been used to serve a variety of ideological or ethical purposes. For example, much the same economic theory has been used to justify both socialist central planning and free market economies. The differences that have led to such radically different policy implications of economics partly reflect the kinds of subsidiary propositions made about the nature of particular economic variables. Debates over the economics of socialism have turned on the importance of incentives to work effort, the level of aggregation necessary to price goods produced by state-owned firms, and the importance of knowledge in making centralized decisions (Vaughn, 1980). More generally, however, they have been the result of different ethical judgments about the consequences of competition. Economists with pretty much the same view of economic theory have differed in their assessment of the justice of capitalistic income distribution, or of a tolerable level of monopolistic "exploitation" (Vaughn, 1980).

But is there any way in which theological sensitivity might affect economic reasoning after all? We have noted already that one might, like the Elohist voice in the Pentateuch, deny those human characteristics which are necessary to economic theory. The Elohist was an extreme case, to be sure, in that he denied humans the autonomy and hence denied the possibility of social science altogether. Less extreme challenges to economic theory might take the form of denying some of the fundamental premises of received economic theory and offering theologically based substitutes to construct alternative theories.

For instance, one might argue that we are not rational enough to make economic models usefully applicable to real-world situations. One might argue that Fallen Man is subject to the passions, and motivated more by power, lust, greed, anger, and envy than by rational self-interest. The consequences of the behavior of such a creature would not be predictable (or explicable) by conventional theory of markets, although—presumably—so long as human action were not taken to be purely random there could be some kind of theory to explain it. Related to this, one might argue that neoclassical economics presumes too much knowledge on the part of human actors. Man's pervasive ignorance might be contrasted with God's omniscience.

It is indeed possible that there could be some theological basis for the premises one begins with in economic theory, but such premises need not be overtly theological, and it would still not be relevant to economic science even if they were. As already noted, the primary barrier to a theologically grounded economics is the fact that all propositions in economic theory must be open to acceptance or rejection by other economists who require arguments based on secular grounds. Hence, even if it were one's theological view that a Fallen humanity could not be counted upon to pursue rational self-interest in situations in which passions were engaged, such a challenge to the central hypothesis of economics would have to be defended on non-theological grounds to be admissible in scientific discourse. (In such cases, one might assert the dominance of passions over rationality or the imperfection of man's knowledge, or even the instability of the constraints, as empirical propositions.)

Hence it is possible to be motivated to challenge conventional theory on theological grounds. But such challenges, if unsupported by other kinds of arguments, would be persuasive only to a community of scientists who accepted theological argument as definitive. In the secular, scientific world it would be highly unlikely for purely theological considerations to color economic theory.

This is not to say that there have not been fundamental challenges to neoclassical economics in the recent history of the discipline. However, the arguments of those who would challenge the core of economics have generally not survived the scientific selection process. Furthermore, those who have challenged conventional economics on religious ground have offered no alternative that is convincing to non-theologically minded economists.

I am thinking in particular of those Protestant socialists of the 1930s who developed a brand of socialism based on a combination of some aspects of Marxist theory with neoclassical economics. They objected on theological grounds to the mechanistic and atomistic analysis used by mainstream economic orthodoxy, but their alternative theory of the workings of an economy was hazy at best and incoherent at worst. These Protestant socialists were attracted to the Marxist theory of progress, Marx's stress on the limitations of man's reason, and the class analysis that saw men and women not as individual choosers but as part of a valuing community. However, they also acknowledged the importance of markets in resource allocation. It was difficult for professional secular economists to understand how this mix fitted together. Protestant socialism seemed to be a case where theological preconceptions dictated which pieces of theory to adopt to one's purposes. It was not a scientifically convincing mix (Vaughn, 1992). In summary, economic theory may in principle be sensitive to theological concerns of the theorist at the level of theory construction. However, this sensitivity is irrelevant to the ultimate acceptance or rejection of that theory in the scientific community.

5. Economic and Theological Knowledge

An equally interesting question to explore here might be to what extent is one's *theology* sensitive to one's *economic theory*? We see a case in this book where that sensitivity is pronounced: the work of Wicksteed. Wicksteed's acceptance of economic theory led him to apply the central concepts of valuation to all values including religious values. Wicksteed's understanding of human choice made him argue that all valuations take place at the margin, thereby apparently denying any category for absolute values. Surely this is a modification of Christian doctrine to say the least, one that has an important effect on questions of individual as well as of social behavior. Suppose we are told to feed the hungry, for example: is it acceptable to ask, "How much?"—especially when more food for the hungry means fewer clothes for the naked? Wicksteed's economics made him aware that a little bit more of one good thing means a little bit less of another, or that a little bit less of one bad thing means a little bit more of another. He recognized that it is difficult to sustain absolute injunctions about behavior at the margin, where upholding one value to the limit may mean sacrificing even greater values.

As an economist, I can only applaud Wicksteed's application of marginal reasoning to moral problems, and I recommend the same kind of analysis to sermonizing clergymen everywhere. However, Wicksteed does raise an interesting question about the relation between economic knowledge and religious knowledge. If economic knowledge can alter the way we think about theological concerns, what does this say about the relation between religious and secular belief in areas where even a scientist might presume religion was authoritative?

Western thought has been struggling with the issue of science and religion since the Enlightenment, and although religious thought has made an uneasy peace with natural science, no such peace has been passed between religion and social science. Indeed, the problem of social science is far more difficult for religion than is natural science, in that social science addresses the heart of religious doctrine in a way that natural science no longer does. Christians, or at least some of them, have come to accept that revelation through scripture is not designed to teach us scientific facts about the world. In many denominations now, for example, the Christian doctrine of Genesis is that this narrative is a story about Man's relationship with God and the meaning of human existence; it is not a scientific alternative to the Big Bang theory of the universe. But can a Christian accept the same kind of agnosticism with regard to a science of humanity? Isn't the whole point of much scripture to teach us about the nature of human beings and how we are to live together? In light of these questions, one can sympathize with the nineteenth-century quest for a natural theology, however unsatisfactory the result may ultimately have been.

16 Summary If Not Conclusions

H. Geoffrey Brennan and
A. M. C. Waterman

We promised at the outset to summarize both the evidence, and the findings of the jury, before submitting the whole to a higher court. But we are handicapped not only by the methodological preconceptions with which we began but still more by our own participation in the process. Can we be fit and proper persons to sum up in a trial at which one of us has been a witness and the other a juror; and to do so, moreover, after the jury has delivered its verdict? Almost certainly not, and our only excuse for doing so is that neither has been an advocate. Each of us believed, *and still believes,* that a defensible and useful distinction is possible—and indeed necessary—between analyzing and explaining social phenomena with the tools of political economy, and evaluating those phenomena in the light of religious belief. But one of us was sworn to tell the truth, the whole truth and nothing but the truth; the other to deliver a true verdict without fear or favor. We have had no conscious desire to persuade. Our purpose was solely to discover the truth. Setting aside intellectual incapacity therefore, only moral turpitude (which real courts wisely allow for) could hinder us in the task that remains.

1. The Case Studies

Though we were not conscious of the fact when we commissioned them, it now seems clear that the case studies fall into three distinct chronological classes, the first and third of which can be seen as providing a "frame" for the three central studies of J. B. Clark, Wicksteed, and Frank Knight, respectively.

Ross Emmett, quoting Dorothy Ross, claims that Knight stood "at a fundamental turning point in American economic thought." What is true of Knight is also true, *mutatis mutandis,* of Wicksteed (1844–1927) and Clark (1847–1938). Before their time the world was God's world and ultimately explicable by divine providence. After their time religion had become privatized. It is no longer part of the ordinary, public business of scientists—whatever their personal beliefs—to harmonize their findings with theology. Keynes (1972, p. 168) believed that the decade of the 1860s was "the critical moment at which Christian dogma fell away from the serious philosophical world of England, or at any rate of Cambridge." Though few other scholars would dare such precision, there is general agreement about what Owen Chadwick (1975) has called "the secularization of the European mind in the nineteenth century." The process began earlier in America and finished, if it is still quite finished, somewhat later. Throughout the English-speaking world however, the last quarter of the nineteenth century and the first quarter of the twentieth was a time in which vivid memory and frequent awareness of the sacred coexisted with a secular and pluralistic civilization that is entirely new in human history.

It is, therefore, no surprise to discover in the work of these three a fascinating and instructive mixture, markedly different in each case, of the new science and the old religion. *Ian Steedman* shows us that Wicksteed "explicitly and repeatedly rejected the idea of there being any sharp boundaries between different aspects of life" and not unreasonably questions whether, in Wicksteed's case, it is appropriate "to seek for the 'influence' of religion and theology on economic analysis." *John Henry* reports that for J. B. Clark, as it had been for Whately, Bastiat, Wayland, and a hundred other such before the world changed, the market economy was an example of divine providence: God is "revealing his plan through the workings of a capitalist society." But Clark wrote at a time of intellectual tumult that threatened and eventually destroyed the religious culture in which he was raised. Hence in his scientific work he "attempted to develop a substitute for religion that complements and fortifies received Christian doctrine." Though Frank Knight was 40 years younger than the other two, he was brought up in the immediate aftermath of the late-nineteenth-century crisis of faith. And according to *Emmett,* the whole of Knight's work "expresses the tension between making sense of a world in which God is absent, while remaining...aware of what we have lost" because of that absence. The new world is or ought to be "liberal" in its values and social order, and it is "because of the particular way Knight understood religion to be antithetical to liberalism he believed religion can never be related to economics."

The first two case studies bear in different ways on the premodern intellectual world from which Wicksteed, Clark, and Knight emerged.

For traditional "Western" civilization, born in Mediterranean lands and carried to all corners of the earth by European commerce and sea power, the Hebrew and Christian scriptures are fundamental. But from the modern secular standpoint of *Barry Gordon's* study we can see what was seldom if ever recognized in the age of faith: that those scriptures do not speak with one voice. Not only is it the case, therefore, that they create the intellectual climate within which scientific study of the economy begins. It also turns out that the some of the varying strands and strata into which the scriptures and their subsequent interpretation can be analyzed show distinct signs of having been formed, or at least strongly influenced, by various and conflicting understandings of economic phenomena. The "economic teaching of the Bible" is less stable, less certain, than was formerly supposed. Moreover, it now appears that even its *theology* requires the assistance of economics for a full elucidation.

By the beginning of the nineteenth century an increasingly secular and nonbiblical study of the economy had been under way for some time. Heyne is correct to observe that *Waterman's* study of Whately and Senior provides no (direct) evidence of the way economists actually do distinguish their scientific work from their religious beliefs. But the provision of such evidence was not the purpose of the study. Whately's methodological thinking, though motivated by ideological emergency, arose in part from philosophical reflection upon the "English" tradition of political economy which runs through Petty, Hume, Smith, Malthus, and Ricardo, and his work attempted to provide a "rational reconstruction" of how the classical economists had actually gone about their business. Because of their canonical status in the methodology of mainstream economics, Whately's *Lectures* pose the questions this book was designed to address.

The last two case studies illustrate ways in which theological considerations may, or may not, get mixed up with economics in the modern world from which God is publicly and officially—and for many individuals privately and actually—absent.

Richard Wagner's study of German *Ordnungspolitik*, which emerged in the 1930s as part of the Christian opposition to Nazism, shows that "[f]or those who profess the Christian faith, *Ordnungstheorie* represents an effort to think systematically about the order of creation" in relation to the economy. In *ORDO* liberalism "economics can be informed by theological knowledge, even if that theology is not apparent in the...economic scholarship." Not all *ORDO* liberals were believers, however, and "*Ordnungstheorie* can be congruent with the values and interests of non-believers."

John Maynard Keynes was a nonbeliever, and *T. K. Rymes* tells us that "[r]eligion did not enter into Keynes's life or his economics." But Rymes argues that certain central characteristics of Keynes's economic analysis, such as the existence of underemployment equilibrium, are attributable to his idea of "incompletable" knowledge. Now Keynes's epistemology arose from his attempt to solve the intellectual problems presented by a consequentialist ethic. Therefore Keynes's economics, though not at all dependent upon religion or theology in any ordinary sense of those words, may nevertheless be regarded as having been formed as the result of his attempt to discover ethical norms *without* religion.

2. The Interpretative Essays

Authors were asked to judge "How sensitive is economics to theological considerations?" on the basis of the seven case studies taken as a whole. For reasons suggested in the previous section, however, there was an understandable tendency to concentrate on the evidence of the three central studies of Wicksteed, Clark, and Knight. The responses divide fairly clearly into three groups. Those of Brennan, Vaughn, and Heyne report—in characteristically different ways—that the studies support the view that "economic analysis" is autonomous with respect to religious belief and theological preconception. Those of Cramp, Dow, and Nelson take the opposite position with a similar variety of reasons. Harcourt declined to address the question and his essay raises other related issues. The editors wish to emphasize that we had no prior knowledge, nor any clear expectation, of such an outcome when we commissioned the essays.

Brennan acknowledges that for a Christian economist (for example), religion is "implicated" in one's economics in at least seven different ways. However, provided we understand economics not as "what economists do," but rather as what they *attempt* "when they are trying to do economics at its best," economics remains on all fours with physics and only the last two present any serious methodological problem. Traditional economics and Christianity offer rival accounts of human rationality; and they rest upon different understandings of the agency of God in human affairs. But these are empirical matters decidable by the evidence. Economics may indeed be in conflict with religion, and individuals may have to choose between the two. But if one choose economics then *as a consequence of that choice* one's religious beliefs are powerless to affect one's "economic analysis." *Karen Vaughn* argues that "... all propositions in economic theory must be open to acceptance or rejection by other economists who require arguments based on secular grounds." Economics is a social game open to all who abide by the rules. But one of the rules is that no cognitive claim can be made which does not rest upon epistemological foundations acceptable to all. Hence a "theologically sensitive" economics is strictly impossible. *Paul Heyne* provides a case-by-case review of the evidence with no general conclusions. But his report on the three central studies amounts to a strong vote for the autonomy of economics. For Steedman has shown that economics determined all of Wicksteed's thought, including his theology. Emmett has shown that although Knight's "economic analysis was *constrained* by theological considerations," it "might be hard to defend the claim that it was sensitive" to these. And although Henry has presented, in the case of Clark, the "clearest argument...for a strong theological impact upon economics" his account of the way Clark's social arguments changed after 1886 actually supplies a "compelling argument for the autonomy of economic analysis."

On the other side of the question, *Tony Cramp's* review of the case studies leads him to the view that "the dualistic separation of science from theology" for which Whately argued so clearly, "though not ignoble in principle, proves unsustainable in practice because... economists...cannot be satisfied with a compartmentalized life." It is not possible to "sustain a discussion of efficient means to unstated ends." This is because "a clear view of what is going on in the economic sphere of life requires knowledge of who we are, and why we are here" which in turn presents inescapable metaphysical or theological choices. *Sheila Dow* agrees with Cramp on this point: ontological judgments about "the economic order" are necessary, and these entail theological judgments. She adds two other reasons to explain why it appears to her that the case studies "support the view that economics is not in general autonomous with respect to theological considerations." In the first place, "for economic theory to be positive" language must be neutral, which—she believes—is impossible. Secondly, judgments about human nature, like those about the economic order, must require at least an implicit theology. *Robert Nelson* takes quite a different line to make what is intended to be the same point as Cramp and Dow. "It is not enough to say that economics is influenced by theology; in many cases it is more correct to say that economics becomes an important element of theology, or even becomes the heart of a secular theology itself." For though "the law of supply and demand clearly is not a matter of theology," yet Adam Smith, Marx, and Keynes have had "the authority of true religion for many millions of the faithful." Hence "the attempt to argue that economics and religion can be confined in separate domains...will not hold."

Geoff Harcourt ignores the question put to him by the editors and chooses instead to raise a more fundamental issue. The methodological individualism of neoclassical economics, *whether or not it is scientifically defensible*, encourages in Christian believers an individualistic understanding of religion, or at any rate an undervaluing of the organicism inherent in Christianity with its concern for the common good. "Religion and moral precepts" *could* play an important part in "bringing about co-operation in policy-making at both national and international levels." To focus attention on a (putatively scientific) "economic analysis" diverts attention from this and actually militates against such an enterprise.

3. So What?

We shall resist the temptation to draw any inferences either from the studies or from the essays. That is now the business of our readers alone. But it does not seem improper to identify certain issues that have emerged from our collective work and to present them with as little appearance as possible of having the last word. According to Frank Knight, Emmett tells us, what "the common sense individual actually wants is not satisfaction for the wants which he has, but more, and *better* wants." Whatever the truth about that, it is surely the case that what *economists* really want are not answers to the questions they already have, but more and better *questions*. For that reason alone, therefore, this book should be well worth buying. At any rate, we intend to finish by listing six large questions which seem to be raised by the case studies and interpretative essays.

3.1 The Theological Use of Economics

J. B. Clark, like many an economist before him including Whately and Malthus, harnessed economics in the service of Christian apologetics. Later he attempted to use economics to "complement and fortify" Christian doctrine. We are now in classes 7 and 8 of our Table 1-1. Does this theological and teleological use of economics affect its scientific status?

3.2 Theological Constraints upon Economics

Heyne notes that it may be said that for Frank Knight theological considerations constrained his economic analysis. Rymes argues that something analogous may be said in the case of Keynes. The issue spreads out of class 9 into classes 5, 6, and 8. To what extent can it then be said that economics is here "sensitive" to religion; and how does that bear on the scientific status of economics?

3.3 Theology as Sensitive to Economics

Gordon argues that the biblical and other theological literature has been shaped in part by economic factors. Steedman shows that economic theorizing determined Wicksteed's theology. Nelson claims that economics *becomes* the theology of American civil religion. Now the discussion has broken out of class 9 into 4, 5, 7, and 8 and possibly even into 1, 2, 3, and 6. If it is really the case that our theorizing about God is so responsive to our theorizing about the economy (or to the actual state of affairs in the economy), why is the reverse not equally true?

3.4 A "Weak" Sense of "Sensitive"?

According to Wagner, "economics can be informed by theological knowledge" but remain "congruent with the values and interests of non-believers." We seem to be in the messy domain of 5 and 8 in Table 1–1. Is there a set of values (and ontological beliefs) which are consistent with both religious and nonreligious commitments; if so, is economics sensitive to *these;* and, if yes, then may we not say that economics is sensitive to religion at least in a weak sense?

3.5 Economics versus Religion

Brennan argues that mainstream economics denies "sin" and rests upon "methodological deism" (class 9). Harcourt alleges that "scientific" economics drives out true religion (classes 5, 6). There is clear possibility here of head-on collision between economics and religion. Whately claimed that political economy is not hostile to religion and developed his epistemological demarcation between "scientific" and "religious" knowledge to defend that position. Where does all this leave Whately's dualism?

3.6 Science and Ontology

Both Cramp and Dow assert that scientific study of the economy is impossible without ontological judgments about the economic order and human nature, and that these in turn imply (or ought to imply) some concomitant theological commitment. We are in classes 9, 8, and 7. But is it really the case that we must commit ourselves to any particular belief about the ways things are in ("noumenal") reality in order to do science; and if so, must this imply theology?

We believe that we have good answers to all these questions: "good" in the sense of leaving our methodological opinions undisturbed. But we shall keep them to ourselves for the time being.

References

Abell, A. (ed.) (1968). *American Catholic Thought on Social Questions.* Indianapolis: The Bobbs-Merrill Co.

Ackroyd, Peter R. (1973). *First and Second Chronicles, Ezra and Nehemiah.* London: SCM.

Aristotle. (1963). *Ethics.* Baltimore, MD: Penguin Books.

Arrow, K. J. (1967). Values and collective decision-making. In P. Laslett and W. G. Runciman (eds.), *Philosophy, Politics and Society.* Oxford: Basil Blackwell. Reprinted as Ch. 4 of K. Arrow (1984). *Social Choice and Justice.* Oxford: Basil Blackwell, pp. 59–77.

————, and Hahn, F. H. (1971). *General Competitive Analysis.* Edinburgh: Oliver & Boyd.

Baldwin, John W. (1959). The medieval theories of the Just Price. In *Transactions of the American Philosophical Society.* New Series—Vol. 49:4, 3–92.

Barber, Wm. (ed.) (1988). *Breaking the Academic Mold: Economics and American Learning in the Nineteenth Century.* Middletown, CI: Wesleyan University Press.

Barth, Markus. (1974). *The Anchor Bible: Ephesians.* New York: Doubleday.

Bateman, Bradley A. (1991a). The rules of the road: Keynes's theoretical rationale for public policy. In Bateman, Bradley and Davis, John B. (eds.) *Keynes and Philosophy: Essays on the*

Origin of Keynes's Thought. Aldershot: Elgar.

———. (1991b). Das Maynard Keynes Problem. *Cambridge Journal of Economics* 15: 101–111.

Becker, G. S. (1981). *A Treatise on the Family*. Cambridge, MA: Harvard University Press.

———. (1976). *The Economic Approach to Human Behavior*. Chicago: University of Chicago Press.

———. (1993). Nobel Lecture: The economic way of looking at behavior. *Journal of Political Economy* 101: 385–409.

Bell, F. W. (1968). The Pope and the price of fish. *American Economic Review* 58: 1346–1350.

Blumenberg-Lampe, C. (1973). *Das wirtschaftspolitische Programm der "Freiburger Kreise."* Berlin: Duncker & Humbolt.

Böhm, F. (1950). Die Idee des *ORDO* im Denken Walter Euckens. *ORDO* 3: 15–64.

Borakamm, Gunther. (1969). *Early Christian Experience*. London: SCM.

Borne, Etienne and Henry, Françoise. (1938). *A Philosophy of Work*. London: Sheed & Ward.

Bowley, M. (1937). *Nassau Senior and Classical Economics*. London: Allen & Unwin.

Bratton, F. Gladstone. (1961). *A History of the Bible*. London: Hale.

Bryant, Christopher. (ed.) (1993). *Reclaiming the Ground: Christianity and Socialism*. London: Hodder & Stoughton.

Buchanan, James M. (1968). Frank H. Knight. In *The International Encyclopedia of the Social Sciences*, Vol. 3, ed. David Sills. New York: Macmillan, pp. 424–428.

———. (1977). Freedom in constitutional contract. College Station: Texas A & M University Press.

———. (1982). "Foreword" to reprint edition of *Freedom & Reform: Essays in Economics and Social Philosophy by Frank H. Knight,* Indianapolis: Liberty Press, pp. ix–xiv.

———. (1987). The economizing element in Knight's ethical critique of capitalist order. *Ethics* 98: 61–75.

Carabelli, Anna M. (1988). *On Keynes's Method*. London: Macmillan.

Carpenter, J. E. and Wicksteed, P. H. (1903). *Studies in Theology*. London: Dent & Sons.

Chadwick, W. O. (1975). *The Secularization of the European Mind in the Nineteenth Century*. Cambridge: Cambridge University Press.

Clark, A. (ed.) (1938). *John Bates Clark, A Memorial*. Privately printed.

Clark, J. B. (1878). How to deal with communism. *The New Englander* 37.4: 533–542.

———. (1879a). Business ethics, past and present. *The New Englander* 38. 2: 156–168.

———. (1879b). The nature and progress of true socialism. *The New Englander* 38.4: 565–581.

———. (1886a). The moral outcome of labor troubles. *The New Englander and Yale Review* 9(N.S.).6: 533–536.

———. (1887a.) The labor problem—past and present. *Work and Wages* 1.3: 1–2.

———. (1887b). Christianity and modern economics. *The New Englander and Yale Review* 11(N.S.)1: 50–59.

———. (1887c). Profits under modern conditions. *Political Science Quarterly* 2.4: 603–619.

———. (1888a). Capital and its earnings. *Publications of the American Economic Association* 3.2: 81–149.

———. (1888b). Letter to H. C. Adams. January 24.

———. (1889). Possibility of a scientific law of wages. *Publications of the American Economic Association* 4.1: 37–64.

———. (1890a). The "trust": A new agent for doing an old work. *The New Englander and Yale Review* 16(N.S.).3: 223–230.

———. (1890b). The law of wages and interest. *Annals of the American Academy of Political and Social Science* 1.1: 43–65.

———. (1890c). The ethics of land tenure. *International Journal of Ethics* 1: 62–79.

———. (1890c). The moral basis of property in land. *Journal of Social Science* 27: 21–26.

———. (1891a.) Distribution as determined by a law of rent. *Quarterly Journal of Economics* 5 (April): 289–318.

———. (1891b). Natural law in political economy. *The Christian Register.*

———. (1893). The genesis of capital. *Yale Review* 2: 302–315.

———. (1894a). A universal law of economic variation. *Quarterly Journal of Economics* 8: 261–279.

———. (1894b). The modern appeal to legal forces in economic life. *Publications of the American Economic Association* 9.5: 481–502.

———. (1895). The origin of interest. *Quarterly Journal of Economics* 9.3: 257–278.

———. (1914). *Social Justice Without Socialism.* Boston: Houghton Mifflin.

———. ([1886b] 1967). *The Philosophy of Wealth.* New York: Augustus M. Kelley.

———. ([1899] 1965). *The Distribution of Wealth.* New York: Augustus M. Kelley.

———. (1907). *Essentials of Economic Theory as Applied to Modern Problems of Industry and Public Policy.* New York: Macmillan.

Clarke, Ernest G. (1973). *The Wisdom of Solomon.* Cambridge: Cambridge University Press.

[Copleston, Edward]. (1819). *A Letter to the Right Hon. Robert Peel, MP for the University of Oxford, on the Pernicious Effect of a Variable Standard of Value, especially as it regards the Condition of the Lower Orders and the Poor Laws.* By one of his constituents. Oxford: John Murray.

Corcoran, Gervase. (1985). *Saint Augustine on Slavery.* Rome: Institutum Patristicum Augustinianum.

Corsi, Pietro. (1987). The heritage of Dugald Stewart: Oxford philosophy and the method of political economy. *Nuncius*, fasc. 2: 89–143.

Cort, John C. (1988). *Christian Socialism.* Maryknoll NY: Orbis.

Cramp, A.B. (1988). In *Social Science in Christian Perspective* (ed. P. Marshall and R. VanderVennen). New York: University Press of America.

———. (1991). In *Thoughtful Economic Man* (ed. J. G. T. Meeks). Cambridge: Cambridge University Press.

Cullmann, Oscar. (1956). *The Early Church.* London: SCM.

Davies, Paul. (1992). *The Mind of God.* Ringwood, Australia: Penguin Books.

Dewey, Donald. (1987a). John Bates Clark. In John Eatwell, Murray Milgate, Peter Newman (eds.), *The New Palgrave: a Dictionary of Political Economy.* London: Macmillan, pp. 428–431.

———. (1987b). The uncertain place of Frank Knight in Chicago economics. Paper presented at a joint session of the American Economic Association and the History of Economics Society, Chicago.

———. (1990). Frank Knight before Cornell: Some light on the dark years. In Warren J. Samuels (ed.), *Research in the History of Economic Thought and Methodology,* Vol. 8. Greenwich, CT: JAI Press, pp. 1- 38.

Diamond, D. W., and Dybvig, P. H. (1983). Bank runs, deposit insurance, and liquidity. *Journal of Political Economy* 91: 401–419.

Dombrowski, J. ([1936] 1966). *The Early Days of Christian Socialism in America*. New York: Octagon Books.

Dorfman, J. (1949). *The Economic Mind in American Civilization.* New York: Viking Press.

Dow, Sheila C. (1985). *Macroeconomic Thought: A Methodological Approach.* Oxford: Blackwell.

———. (1990). Beyond dualism. *Cambridge Journal of Economics,* 14: 143–158.

Drakopoulos, S. (1991). *Values and Economic Theory.* Aldershot: Avebury.

Eclectic Review.

Edinburgh Review.

Eichrodt, Walther R. (1970). *Ezekiel, A Commentary.* London: SCM.

Ekelund, Robert, and Hébert, Robert. (1990). *A History of Economic Theory and Method,* Third edition. New York: McGraw-Hill.

Ely, Richard T. (1889). *Social Aspects of Christianity and Other Essays.* New York: Crowell.

Emmett, Ross B. (1991). The economist as philosopher: Frank Knight and American social science in the Twenties and early Thirties. Ph.D. dissertation, University of Manitoba.

Eucken, W. (1952). *Grundsätze der Wirtschaftspolitik.* Tübingen: J. C. B. Mohr.

Everett, J. ([1946] 1982). *Religion in Economics.* Philadelphia: Porcupine Press.

Fitzgibbons, Athol. (1988). *Keynes's Vision: A New Political Economy.* Oxford: Clarendon Press.

Foner, Philip. (1975). *History of the Labor Movement in the United States,* Second edition. New York: International Publishing.

Frankel, Paul E. (1979). *Moral Revolution and Economic Science. The Demise of Laissez-Faire in Nineteenth-Century British Political Economy.* London and Westport: Greenwood Press.

Furner, M. (1975). *Advocacy and Objectivity: A Crisis in the Professionalization of American Social Science.* Lexington, KY: University Press of Kentucky.

Garnett, David. (1972). Introductory note to "My early beliefs." In *Essays in Biography, The Collected Writings of John Maynard Keynes X.* London: Macmillan.

Gerrard, Bill, and Hillard, John (eds.). (1992). *The Philosophy and Economics of J. M. Keynes.* Aldershot: Elgar.

Gerrard, Bill. (1992). Human logic in Keynes's thought: Escape from the Cartesian vice. In P. Arestis. and V. Chick (eds.), *Recent Developments in Post-Keynesian Economics.* Aldershot: Elgar.

Godwin, William. ([1798] 1946). *Enquiry Concerning Political Justice and its Influence on Morals and Happiness.* [London: Robinson]. F. E. L. Priestley (ed.). Photographic facsimile of third edition., corrected, with variora. Toronto: University of Toronto Press. [First edition, 1793; Second edition, 1796].

Gonce, Richard A. (1972). Frank H. Knight on social control and the scope and method of economics. *Southern Economic Journal* 38: 547- 558.

Gordon, Barry. (1989). *The Economic Problem in Biblical and Patristic Thought.* Leiden: E. J. Brill.

Gordon, H. Scott. (1991). *The History and Philosophy of Social*

Science. London: Routledge.

Gould, S. (1987). *Time's Arrow, Time's Cycle*. Cambridge, MA: Harvard University Press.

Gow, H. (1928). *The Unitarians*. London: Methuen.

Gutman, H. (1978). Protestantism and the American labor movement: The Christian spirit in the guilded age. In J. Mulder and J. Wilson (eds.), *Religion in American History*. Englewood Cliffs, NJ: Prentice-Hall.

Hahn, F. H. (1984). *Equilibrium and Macroeconomics*. Oxford: Blackwell.

Halévy, Elie. (1938). *The Growth of Philosophic Radicalism* (transl. Mary Morris). London: Faber (New edition, reprinted with corrections, 1952).

Hammond, J. Daniel. (1991). Frank Knight's antipositivism. *History of Political Economy* 23: 359–381.

Harcourt, G. C. (1992). *Markets, Madness and a Middle Way.* The Second Donald Horne Address, Melbourne, Monash University. Reprinted in *The Australian Quarterly,* 64: 1–17.

————. (1993a). Macroeconomic Policy for Australia in the 1990s. *ALR* 148: 34–36. [The title in *ALR* was less prosaic: "A Large G & T."]

————. (1993). The Harcourt Plan to "Save" the World. *At the Margin* (March): 1–4.

Hawking, Stephen W. (1988). *A Brief History of Time: From the Big Bang to Black Holes*. Toronto: Bantam Books.

Hayek, F. A. von (1973). *Law, Legislation and Liberty*, Vol. I. London: Routledge & Kegan Paul.

Hazlitt, William. (1928). *The Plain Speaker.* London: Dent (Everyman). First published in 1826; excerpts from *Table Talk,* 1821, 1822.

Hengel, Martin. (1974). *Judaism and Hellenism,* Vol. I. London: SCM.

Henry, J. (1982). The transformation of John Bates Clark: an essay in interpretation. *History of Political Economy* 14.2: 166–177.

Herford, C. H. (1931). *Philip Henry Wicksteed. His Life and Work.* London and Toronto: Dent & Sons.

Hesiod. (1954). *The Homeric Hymns and the Homerica* (transl. H. G. Evelyn-White). London: Heinemann.

Heyne, Paul. (1991). *The Economic Way of Thinking,* Sixth edition. New York: Macmillan.

Hinds, Samuel. (1831). *An Inquiry into the Proofs, Nature and Extent of Inspiration, and into the Authority of Scripture.* Oxford: Parker.

Hirsch, Eva and Abraham. (1976). The heterodox methodology of two Chicago economists. In Warren J. Samuels (ed.), *The Chicago School of Political Economy*. East Lansing: Michigan State University Business Studies.

Hollander, Samuel. (1987). *Classical Economics.* Oxford: Blackwell.

Hollerbach, A. (1988). Zu Leben und Werk Franz Böhms. *Freiburger Universitätsblätter* 102: 81–89.

Holt, R. V. (1938). *The Unitarian Contribution to Social Progress in England*. London: Allen & Unwin.

Hopkins, C. (1940). *The Rise of the Social Gospel in American Protestantism, 1865–1915*. New Haven: Yale University Press.

Hovenkamp, H. (1978). *Science and Religion in American, 1800–1860*. Philadelphia: University of Pennsylvania Press.

Hubbard, Joseph B. (1923). *Economic thought in patristic literature.* Ph.D. dissertation, Harvard University.

Hutchison, T. W. (1953). *A Review of Economic Doctrines, 1870-1929*. Oxford: Clarendon Press.

Inglis, K. S. (1964). *Churches and the Working Classes in Victorian England.* London: Routledge & Kegan Paul.

Iremonger, F. A. (1948). *William Temple Archbishop of Canterbury: His Life and Letters*. London: Oxford University Press.

[Jeffrey, Francis]. (1810). Stewart's philosophical essays. *Edinburgh Review* 7: 167–211.

Jones, P. (1968). *The Christian Socialist Revival, 1877–1914*. Princeton: Princeton University Press.

Kalsbeek, L. (1975). *Contours of a Christian Philosophy.* Toronto: Wedge.

Kasemann, Ernst. (1980). *Commentary on Romans*. Grand Rapids, MI: Eerdmans.

Katouzian, Homa. (1980). *Ideology and Method in Economics.* New York: New York University Press.

Kern, William S. (1988). Frank Knight on preachers and economic policy: A 19th century liberal anti-religionist, he thought religion should support the status quo. *American Journal of Economics and Sociology* 47: 61-69.

Keynes, J. M. ([1923] 1971a). *A Tract on Monetary Reform.* In *The Collected Writings of John Maynard Keynes IV.* London: Macmillan.

———. ([1930] 1971b). *A Treatise on Money.* In *Collected Writings V, VI.*

———. (1972a). My Early Beliefs. *Essays in Biography.* In *Collected Writings X.*

———. (1972b). Thomas Robert Malthus: the first of the Cambridge economists. *Essays in Biography.*

———. (1972c). Ramsey as a Philosopher. *Essays in Biography.*

———. (1972d). Newton the Man. *Essays in Biography.*

———. ([1921] 1973a). *A Treatise on Probability.* In *Collected Writings VIII.*

———. ([1936] 1973b). *The General Theory of Employment, Interest and Money.* In *Collected Writings VII.*

Keynes, J. N. (1930). *The Scope and Method of Political Economy,* Fourth edition. London: Macmillan, 1891.

Knight, Frank H. (1921). Cassel's *Theoretische Sozialökonomie.* (Review article on *Theoretische Sozialökonomie,* by G. Cassel). *Quarterly Journal of Economics* 36: 145-153.

———. (1923a). The "concept" of spirituality. TMs Frank H. Knight Papers, Box 4, Folder 23. Special collections, Joseph Regenstein Library, University of Chicago.

———. (1923b). Love and force. Knight Papers, Box 21, Folders 16–18; Box 55, Folders 10–11.

———. (1923c). Notes for a discussion group in religion, Iowa City Unitarian Church, Iowa City, 30 September–2 December. Knight Papers, Box 47, Folder 25.

———. (1935a). Economic theory and nationalism. In *The Ethics of*

Competition and other Essays. New York: Harper & Brothers.

———. ([1922] 1935b). Ethics and the economic interpretation. In *The Ethics of Competition.*

———. ([1924] 1935c). The limitations of scientific method in economics. In *The Ethics of Competition.*

———. (1925). Non-economistic values. Knight Papers, Box 55, Folder 13.

———. (1943). The meaning of freedom. In Charner M. Perry (ed.), *The Philosophy of American Democracy.* Chicago: University of Chicago Press.

———. (1956a). Science, society, and the modes of law. In Leonard D. White (ed.), *The State of the Social Sciences.* Chicago: University of Chicago Press.

———. ([1940] 1956b). "What is truth" in economics? (Review article on *The Significance and Basic Postulates of Economic Theory by T. W. Hutchison*). In *On the History and Method of Economics: Selected Essays,* pp. 151–178. Chicago: University of Chicago Press.

———. (1961). Methodology in economics—Part I. *Southern Economic Journal* 27: 185–193.

———. (1963). Christian ethics and social betterment. Pulpit address, First Unitarian Church, Chicago, 18 August. Knight Papers, Box 4, Folder 6.

———. ([1951] 1967). *The Economic Organization.* New York: Augustus M. Kelley.

———. ([1935] 1982a). Ethics and economic reform. In *Freedom & Reform: Essays in Economics and Social Philosophy.* New York: Harper & Brothers, 1947. (Reprint, Indianapolis: Liberty Press. Page references are to reprint edition.)

———. ([1941] 1982b). Religion and ethics in modern civilization. In *Freedom & Reform.*

———. ([1934] 1982c). Social science and the political trend. In *Freedom & Reform.*

———. ([1932] 1991). The case for communism: From the standpoint of an ex-liberal. In Warren J. Samuels (ed.) *Research in* *the History of Economic Thought and Methodology,* Archival Supplement 2. Greenwich, CT: JAI Press, pp. 57–108.

———, and Thornton W. Merriam. ([1945] 1979). *The Economic Order and Religion.* New York: Harper & Brothers, 1945. (Reprint, Westport, CT: Greenwood Press. Page references are to reprint edition.)

Kolakowski, Leszek. (1983). *Religion.* Oxford: Oxford University Press.

Ladner, Gerhart B. (1954). St. Augustine's conception of the reformation of Man to the Image of God. *Augustinus Magister.* Paris: Études Augustiniennes.

Langholm, Odd. (1992). *Economics in the Medieval Schools.* Leiden: E. J. Brill.

Lavere, George J. (1983). The problem of the common good in Saint Augustine's Civitas Terrena. *Augustinian Studies* 14: 1– 10.

Lawson, Tony, and Pesaran, Hashem (eds.). (1985). *Keynes' Economics: Methodological Issues.* London: Croom Helm.

Leipold, H. (1990). Neoliberal Ordnungstheorie and constitutional economics. *Constitutional Political Economy* 1: 47–65.

Leo XIII, Pope. ([1891] 1963). *Rerum Novarum.* In James Sweeney (ed.), *Great Encyclicals.* New York: Paulist Press.

Leroy, Stephen F. (1989). Efficient capital markets and martingales. *Journal of Economic Literature* 27: 1583–1621.

Lipsey, R. G. (1966). *Positive Economics.* London: Weidenfeld & Nicolson.

————, Purvis, D. D., and Steiner, P. O. (1988). *Economics,* Sixth edition. New York: Harper & Row.

Littleboy, Bruce. (1990). *On Interpreting Keynes: A Study in Reconciliation.* London: Routledge.

Lohse, Eduard. (1971). *Colossians and Philemon.* Philadelphia: Fortress.

MacIntyre, Alistair. (1984). *After Virtue.* Notre Dame, IN: University of Notre Dame Press.

MacQueen, D. J. (1973). Contemptus Dei: St. Augustine on the disorder of pride in society and its remedies. *Recherches Augustiniennes* 9: 227–293.

Mair, D., and Miller, A. G. (1991). *A Modern Guide to Economic Thought: An Introduction to Comparative Schools of Thought in Economics*. Aldershot: Elgar.

[Malthus, T. R.] (1798). *An Essay on the Principle of Population*. London: Johnson. Facsimile reprint as *First Essay on Population*. London: Macmillan, 1966.

Malthus, T. R. (1803). *An Essay on the Principle of Population*. London: Johnson. Considered as "second edition" of (1798). Third edition, 1806; Fourth edition, 1807; Fifth edition (Hunter), 1817; Sixth edition, (Hunter), 1826.

Matthews, R. C. O. (1981). Morality, competition and efficiency. *The Manchester School*.

McCloskey, Donald N. (1986). *The Rhetoric of Economics*. Brighton: Wheatsheaf.

McCulloch, J. R. (1843). *Principles of Political Economy*, New edition, Edinburgh: Tait.

Meek, Ronald L. (1973). *Studies in the Labour Theory of Value*, Second edition. London: Lawrence & Wishart.

Meltzer, Allan H. (1988). *Keynes's Monetary Theory: A Different Interpretation*. Cambridge: Cambridge University Press.

Meyers, J. M. (1965). *The Anchor Bible: Ezra, Nehemiah*. New York: Doubleday.

Mill, J. S. (1874). *Essays on Some Unsettled Questions of Political Economy*, Second edition. London: Longmans, Green.

Mills, P. (1993). Should interest exist? Non-usurious finance in economic thought, theory and practice. University of Cambridge, doctoral dissertation submitted.

Modern Sermons, n.d. Manchester, Johnson & Son, and J. Heywood; Glasgow, William Love; Edinburgh & London, Williams & Norgate; London, H. Smart.

Mirowski, P. (1989). *More Heat Than Light: Economics as Social Physics; Physics as Nature's Economics*. Cambridge: Cambridge University Press.

Moggridge, Donald. (1992). *Maynard Keynes: An Economist's Biography*. London: Routledge.

Moore, G. E. (1966). *Ethics*. London: Oxford University Press.

———. (1959). *Principia Ethica.* Cambridge: Cambridge University Press.

Müller-Armack, A. (1959). *Religion und Wirtschaft: Geistesgeschichtliche Hintergründe unserer europäischen Lebensform.* Stuttgart: W. Kohlhammer Verlag.

Nelson, Robert H. (1991). *Reaching for Heaven on Earth: The Theological Meaning of Economics.* Savage, MD: Rowman and Littlefield.

Norman, Edward. (1987). *The Victorian Christian Socialists.* Cambridge: Cambridge University Press.

O'Donnell, R. M. (1989). *Keynes' Philosophy, Economics and Politics. The Philosophical Foundations of Keynes's Thought and Their Influence on his Economics and Politics.* London: Macmillan.

———. (1990a). Continuity in Keynes's conception of probability. In D. E. Moggridge (ed.), *Perspectives on the History of Economic Thought IV, Keynes, Macroeconomics and Method.* Aldershot: Elgar.

———. (1990b). Keynes on mathematics; philosophical foundations and economic applications. *Cambridge Journal of Economics* 14: 29–47.

———. (ed.). (1991a). *Keynes as Philosopher-Economist.* New York: St. Martin's Press.

———. (1991b). Keynes's weight of argument and its bearing on rationality and uncertainty. In Bateman and Davis (eds.), *Keynes and Philosophy.*

———. (1991c). Keynes on probability, expectations and uncertainty. In O'Donnell (ed.), (1991a).

———. (1991d). Keynes on mathematical economics and econometrics; some new evidence. Macquarie University School of Economics and Financial Studies: Research Paper 344.

Ohrenstein, Roman A., and Gordon, Barry. (1992). *Economic Analysis in Talmudic Literature.* Leiden: E. J. Brill.

Ostrom, V. (1987). *The Political Theory of A Compound Republic,* Second edition. Lincoln: University of Nebraska Press.

Paley, W. (1825). *The Works of William Paley, D. D.* (ed. Paley, Edmund, a new edition in seven volumes). London: Rivington.

Vol. V, *Natural Theology*. First edition, 1802.

Patinkin, Don. (1981). Frank Knight as teacher. In *Essays on and in the Chicago Tradition*. Durham, NC: Duke University Press.

————. (1989). *Money, Interest and Prices,* Second edition, abridged. Cambridge, MA: MIT Press.

Pigou, A. C. (1932). *The Economics of Welfare*. London: Macmillan.

Preston, Ronald H. (1976). Introduction. In Temple (1976).

————. (1983). *Church and Society in the Late Twentieth Century: The Economic and Political Tasks*. London: SCM.

Pryme, George. (1823). *An Introductory Lecture and Syllabus to a Course Delivered in the University of Cambridge on the Principles of Political Economy*. Cambridge: C.U.P.

Rad, G. von. (1972). *Wisdom in Israel*. London: SCM.

Raines, J. Patrick. (1989). Frank Knight on religion, ethics and public policy. Paper presented to History of Economics Society, Atlanta.

Raines, J. Patrick, and Jung, Clarence R. (1986). Knight on religion and ethics as agents of social change: an essay to commemorate the centennial of Frank H. Knight's birth. *American Journal of Economics and Sociology* 45: 429–439.

Randall, J. (1977). *Philosophy after Darwin*. New York: Columbia University Press.

Raphael, D. D. (1985). *Adam Smith*. Oxford: Oxford University Press.

Reese, James M. (1970). *Hellenistic Influence on the Book of Wisdom and its Consequences*. Rome: Biblical Institute Press.

Rendtorff, Rolf. (1985). *The Old Testament, An Introduction*. London: SCM.

Ricardo, David. ([1817] 1951). *On the Principles of Political Economy*. London: Murray, 1817. In P. Sraffa (ed.), *The Works and Correspondence of David Ricardo*, Vol. 1. Cambridge: C.U.P.

Richardson, Alan. (1958). *The Biblical Doctrine of Work*. London: SCM.

Riese, H. (1972). Ordnungsidee und Ordnungspolitik—Kritik einer Wirtschaftspolitischen Konzeption. *Kyklos* 25: 24–46.

Robbins, L. (1930). The economic works of Philip Henry Wicksteed. *Economica* 10: 245–258.

———. (1952). *An Essay on the Nature and Significance of Economic Science,* Second edition revised and extended. London: Macmillan.

Robinson, Joan. (1962). *Economic Philosophy.* London: Watts.

Rogers, Colin. (1994). Interest rates. In *The Elgar Companion to Radical Political Economy.* Aldershot: Elgar.

Röpke, W. (1948). *Civitas Humana: A Humane Order of Society.* London: William Hodge & Company.

———. (1950). *The Social Crisis of Our Time.* Chicago: University of Chicago Press.

Ross, Dorothy. (1977–78). Socialism and American liberalism: academic thought in the 1880s. *Perspectives in American History* 11.1: 5–79.

———. (1991). *The Origins of American Social Science.* Cambridge: Cambridge University Press.

Rotheim, Roy J. (1993). On the indeterminacy of Keynes's monetary theory of value. *Review of Political Economy* 5: 197–216.

Rowland, Christopher. (1993). Why are you standing looking into Heaven? A sermon before the University of Cambridge, Sunday, 23 May 1993.

Rymes, Thomas K. (1979). Money, efficiency and knowledge. *Canadian Journal of Economics* 12: 575–589.

Samuelson, P. A. (1958). *Economics: An Introductory Analysis,* Fourth edition. New York: McGraw-Hill.

Sardoni, Claudio (ed.). (1992). *On Political Economists and Modern Political Economy. Selected Essays of G. C. Harcourt.* London: Routledge.

Schelkle, Karl. (1973). *Theology of the New Testament,* Vol. 3. Collegeville, MN: Liturgical Press.

Schluter, M. (1987). Christian strategy in the political arena. In *Churchman: A Journal of Anglican Theology.* London: Church Society.

Schumpeter, J. A. (1954). *History of Economic Analysis.* New York: Oxford University Press.

Scott, R. B. Y. (1971). *The Way of Wisdom in the Old Testament.* New York: Macmillan.

Senior, Nassau William. ([1827] 1966). *An Introductory Lecture in Political Economy, delivered before the University of Oxford on the 6th day of December, 1826.* London: Mawman. In *Selected Writings on Economics, Reprints of Economic Classics.* New York: Kelley, 1966.

———. ([1836] 1965). *Outline of the Science of Political Economy.* London: Clowes. Kelly Reprints.

———. ([1852] 1966). *Four Introductory Lectures on Political Economy, delivered before the University of Oxford.* London: Longman, Brown, Green and Longmans. Kelley Reprints.

Sidgwick, Henry. (1962). *The Method of Ethics.* Chicago: University of Chicago Press.

Skidelsky, Robert. (1992). *John Maynard Keynes: The Economist as Saviour 1920–37.* London: Macmillan.

Smith, Adam. ([1759] 1976). *The Theory of Moral Sentiments.* (D. D. Raphael and A. L. Macfie, eds.). Oxford: Clarendon.

———. ([1776] 1976). *An Inquiry into the Nature and Causes of the Wealth of Nations* (R. H. Campbell and A. S. Skinner, eds.). Oxford: Clarendon.

Soggin, J. Alberto. (1989). *Introduction to the Old Testament.* London: SCM.

Sraffa, Piero. (1960). *Production of Commodities by Means of Commodities. Prelude to a Critique of Economic Theory.* Cambridge: Cambridge University Press.

Stamp, J. ([1926] 1969). *The Christian Ethic as an Economic Factor.* Freeport, NY: Books for Libraries Press.

Steedman, I. (1989). Rationality, economic man and altruism in P. H. Wicksteed's Common Sense of Political Economy. In I. Steedman, *From Exploitation to Altruism.* Oxford: Blackwell.

———. (1992). Editorial Introduction to Wicksteed (1894/1992).

———. (1994). John Carruthers. A Victorian market socialist. *The European Journal of the History of Economic Thought* Vol. 1, No. 2.

———. (1987). Adding-up problem. In John Eatwell, Murray Milgate, Peter Newman (eds.), *The New Palgrave: a Dictionary of Political Economy.* London: Macmillan.

Stewart, Dugald. (1854–60). *The Collected Works of Dugald Stewart, Esq., F.R. S.S.,* etc. (ed. Hamilton, William). Edinburgh: Constable. 11 vv. Vol. 3 reprints *Elements of the Philosophy of the Human Mind,* II (first edition 1814).

Stigler, George J. (1987). Frank Hyneman Knight. In *New Palgrave.*

Sumner, J. B. (1816). *A Treatise on the Records of the Creation; with Particular Reference to the Jewish History, and the Consistency of the Principle of Population with the Wisdom and Goodness of the Deity.* London: Hatchard. 2 vv.

Tanaka, T. (1990). The economic thought of J. B. Clark: an interpretation of "The Clark Problem." *Perspectives on the History of Economic Thought* 3: 147–156.

Temple, William. (1976). *Christianity and Social Order.* London: SPCK.

Torrey, Charles C. (1970). *Ezra Studies.* New York: Ktav.

Trevor, J. (1897). *My Quest for God.* London: *Labour Prophet* Office.

Vanberg, V. (1988). "Ordnungstheorie" as constitutional economics—the German conception of a "social market economy." *ORDO* 39: 17–31.

Vaughn, Karen. (1980). Economic calculation under socialism: the Austrian contribution. *Economic Inquiry* 18: 535–554.

————. (1992). Theologians and economic philosophy: the case of Paul Tillich and protestant socialism. *History of Political Economy* 24: 1–29.

Verheijen, Luc. (1979). *Saint Augustine's Monasticism in the Light of Acts 4: 32–35.* Villanova: Villanova University Press.

Vidich, Arthur J., and Lyman, Stanford M. (1985). *American Sociology: Worldly Rejections of Religion and their Directions.* New Haven: Yale University Press.

Viner, J. (1976). *The Role of Providence in the Social Order.* Princeton: Princeton University Press.

————. (1978). *Religious Thought and Economic Society: Four Chapters of an Unfinished Work* (ed. J. Melitz and D. N. Winch). Durham, NC: Duke University Press.

Walker, Amasa. (1866). *The Science of Wealth: A Manual of Political*

Economy. Embracing the Laws of Trade, Currency and Finance. Boston: Little, Brown & Co.

Walker, G. (1991). *Moral Foundations of Constitutional Thought: Current Problems, Augustinian Prospects.* Princeton: Princeton University Press, 1991.

Waterman, A. M. C. (1983). The ideological alliance of political economy and christian theology, 1798–1833. *Journal of Ecclesiastical History* 34: 231–244.

————. (1987). Economists on the relation between political economy and Christian theology: a preliminary survey. *International Journal of Social Economics* 14.6: 46–68.

————. (1991). *Revolution, Economics and Religion: Christian Political Economy 1798–1833.* Cambridge: Cambridge University Press.

Westminster Review.

Whately, E. Jane. (1866). *Life and Correspondence of Richard Whately, D. D., late Archbishop of Dublin.* London: Longmans, Green. 2 vv.

Whately, Richard. (1826). *Elements of Logic, Comprising the Substance of the Article in the Encyclopedia Metropolitana, with Additions, etc.* London: Mawman.

[Whately, Richard]. (1828). Oxford lectures on political economy. *Edinburgh Review* (September 1828): 170–184.

Whately, Richard. (1832). *Introductory Lectures on Political Economy.* London: Fellowes. Second edition, including Lecture IX and other additions. London: Fellowes. Kelly Reprints, 1966.

Wicksteed, P. H. (1875). Comte: system of positive polity. *The Inquirer* 22 (May).

————. (1885). *Our Prayers and Our Politics.* London: Swan Sonnenschein, Le Bas & Lowrey.

————. (1885?). *Is Christianity Practical?* London and Manchester: Reeves and Heywood.

————. (1888a). *Getting and Spending. Papers on the Meaning and Uses of Money.* Originally twelve articles in *The Inquirer*, 19 May-29 September; reprinted as a pamphlet in 1888 and 1897, London.

———. (1888b). The place of sociology in the circle of theological studies. An address to the students of Manchester New College. In Carpenter and Wicksteed (1903).

———. ([1888c] 1970). *The Alphabet of Economic Science.* London: Macmillan. Kelley Reprint.

———. (1890). "Casuistry I, II & III" and "Questions of degree." Manuscript sermons, in the library of Manchester New College, Oxford.

———. (1891a). The battle with materialism. *The Inquirer* (31 October).

———. (1891b). The church and social questions. *The Inquirer* (25 April).

———. (1892). The significance of Unitarianism as a theology. BFUA sermon, 8 June. In Carpenter and Wicksteed (1903).

———. (1894). The advent of the people. In A. Reid (ed.), *The New Party. Described by Some of Its Members.* London: Hodder Brothers.

———. ([1894] 1992). *The Co-ordination of the Laws of Distribution.* London: Macmillan. New edition, Aldershot: Edward Elgar.

———. (1895). Blessed are the meek. Sermon, September.

———. (1906). Review of Professor V. Pareto's *Manuale di Economia Politica. Economic Journal* 16: 553-557.

———. (1908). The social ideals and economic doctrines of socialism. *The Inquirer* (28 November).

———. (1910). Street trading by children. Letter to *The Inquirer* (30 July).

———. ([1910] 1933). *The Common Sense of Political Economy.* London, Macmillan, in one volume. Reprint (L. Robbins, ed.) London: Routledge & Sons, in two volumes, with additional material.

———. (1914). The scope and method of political economy in the light of the "marginal" theory of value and distribution. *Economic Journal* 24: 1-23. Reprinted in Wicksteed ([1910] 1933); a revised version of Wicksteed's 1913 Presidential Address to Section F of the British Association.

———. (1913). The distinction between earnings and income and between a minimum wage and a decent maintenance: a challenge. In *The Industrial Unrest and the Living Wage*. London: The Collegium.

Wordsworth, William. (1950). *Poetical Works* (ed. T Hutchinson). New edition, revised E. de Selincourt. Oxford: Oxford University Press.

Wright, C. J. H. (1983). *Living as the People of God.* Leicester: Inter-Varsity Press.

Youmans, E., *et al.* (1867). *The Culture Demanded by Human Life.* New York: D. Appleton.

Index

Abell, A., 64, 259
Ackroyd, Peter R., 34, 259
Adams, Henry, 70
Agnosticism, 78, 248; see also Atheism
American Economic Association, 6, 73, 232
Amherst College, Massachusetts, 61, 66
Amsterdam School (of philosophy), 189
Anselm, St., 191
Aristotle, 80, 96, 97, 172, 238, 259
Arrow, Kenneth J., 171, 197, 259
Association of Christian Economists, 235
Atheism, 12, 91, 142, 220; see also Agnosticism
Augustine of Hippo, St., 35, 36, 39, 80, 201, 202, 214; on authority, 37; on human conflict, 38, 127, 214; on Fall of Man, 38-39, 201; on Original Sin, 38, 214; on social order, 125, 201, 214, 228
Austrian School (of economic thought), 177, 200

Baldwin, John W., 258, 259
Barber, William, 66, 259
Barth, Markus, 29, 259
Bastiat, Frédéric, 59, 251
Bateman, Bradley A., 139, 147, 149, 153, 259-260
Becker, G. S., 140, 182, 209, 260
Behrends, A. J. F., 65
Bell, F. W., 123, 260
Bentham, Jeremy, 43, 45, 51, 200
Bible, the Holy, 7, 13, 19-40, 48, 126, 184, 231, 233, 257; authority of, 49-51, 188, 215-216, 243, 248; economic analysis in, 21, 22, 23, 188, 252; *Old Testament*: Pentateuch, 19, 20, 21, 198, 239; Ezra-Nehemia, 31-32, 34; Prophets, 31-34, 35; Wisdom literature, 23-24, 26-28, 29, 198; *New Testament,* 28-30, 35-39, 187, 202; see also Theology, Biblical
Biblical criticism, 20; documentary hypothesis, 20

Biblical theology, see Theology, Biblical
Bishops, Roman Catholic, in the U.S.A., 4
Blumenberg-Lampe, Christine, 126, 260
Böhm, Franz, 121, 122, 126, 128, 130, 132, 182, 183, 242, 260
Bonhoeffer, Dietrich, 126
Borakamm, Gunther, 30, 260
Borne, Etienne, 24, 25, 260
Bowley, Marion, 59, 180, 260
Boyd, Hugh, ix
Brennan, H. Geoffrey, 3, 141, 253, 257
Brunner, Karl, 3, 4, 6
Bratton, F. Gladstone, 22, 23, 260
Bryant, Christopher, 206, 260
Bryce, R. B., Lord, 109
Buchanan, James M., 10, 105, 106, 114, 119, 260
Cairnes, J. E., 59
Cambridge, University of, 148, 181, 211; Cambridge School (of economic thought), 143
Cantillon, Richard, 42
Carabelli, Anna M., 139, 260
Carpenter, J. E., 261
Carruthers, John, 82
Chadwick, W. O., 250, 261
Chalmers, Thomas, 165
Chicago, University of, 105, 119 Chicago School (of economic thought), 121, 122, 182, 230
Choice, human, 135, 164, 171, 181, 244, 245, 247; and freedom, 125, 132, 200, 203, 207, 224
Chomsky, Noam, 210
Christian Register, 73
Christian social thought, see Social Thought, Christian
Christian Socialism, see Socialism, Christian
Christianity, 13, 14, 172, 173, 235; Protestant, 14; Quaker, 78; "Social," 65, 89; Unitarian, 77-79, 89, 218; Wesleyan, 206
Church, Christian, 85, 89; Anglican, 12, 78, 142-143; Confessing, 126; Roman Catholic, 64, and the demand for fish, 123, 202
Church, Labour, see Labour churches
Civil rights, see Rights, civil
Clark, A., 261
Clark, John Bates, 12, 61-76, 165, 174, 175, 182, 195, 197, 209, 220-222, 232, 233, 240, 244, 250; capital theory, 72; marginal-product distribution theory, 72, 73, 74, 75, 175, 221, 240-241, 244, 251, 253-254, 256, 261-262
Clark, J. M., 209
Clarke, Ernest G., 26, 27, 262
Cobbett, William, 44
Columbia University, 67
Commons, John R., 67
Comte, Auguste, 80, 81, 96
Communism and communalism: Chrysostom on, 35-36, 37-38, 214; in New Testament, 35-39
Conference on Politics, Economics and Citizenship (COPEC), 79
Cook, Joseph, 65
Copleston, Edward, 5, 43, 46, 51, 53, 164, 262

Corcoran, Gervase, 36, 262
Corsi, Pietro, 51, 52, 262
Cort, John C., 64, 262
Cramp, A. B., 189, 254, 255, 257, 262-263
Cullmann, Oscar, 30, 263

Dante, Alighieri, 80, 81
Darwin, Charles, 63; Darwinian theory, 63, 73, 216
Davies, Paul, 140, 142, 263
Davis, J. B., 139, 259
Decalogue, the, 9
Democracy, 75, 90, 91, 107, 109, 219
Dewey, Donald, 105, 245, 263
Diamond, D. W., 156, 263
Descartes, René, 52
Dickens, Charles, 98
Dombrowski, J., 67, 263
Dominical commandments, 9
Dorfman, Joseph H., 66, 263
Dow, Sheila C., 197, 253, 254, 255, 257, 263
Doyle, Margaret, ix
Drakopoulos, S., 195, 200, 263
Dybvig, P. H., 156, 263
Dyck, Helga, ix

Eclectic Review, 263
Economic analysis: autonomous with respect to religion, 122-124, 214-215, 219, 222, 253, 254, 255; method of, 55-56, 58; *ORDO* approach to, 122, 128; Schumpeter on, 13, 14, 141, 180, 213
Economic policy, 21; macroeconomic, 21, 22; in Bible, 21
Economic welfare, welfare economics, 8, 11, 168
Economics, 183; as a science, 5, 8, 13, 41, 43, 50, 55, 71, 104, 106, 140, 166, 169, 181, 185, 186, 187, 194, 217, 241, 256; as alternative to religion, 105, 117, 171-173, 230, 254, 257; as an art, 41, 43, 59; as "catallactics," 53, 114; as complementary to religion, 47-58, 124, 168; as substitute for religion, 62, 195, 241; as theology, 103-104, 118, 119, 165, 227-236, 255, 256; Christian, 176, 185; Islamic, 176, 185, 190-191; Judaic, 185; and *passim*; see also, Political Economy
Economics, identity of, 6, 7, 8, 11, 46-47, 113, 117, 124, 170, 180, 236, 253; as method of thinking, 7, 8, 11, 55, 170, 181-182, 218; as subject matter, 7, 11, 114; English School of, 41, 42; "Foreign School" of, 41, 42
Economics, purpose of, 8, 11, 41, 107
Edinburgh Review, 41, 47, 51, 263
Egoism, self-interest, self-love, 7, 85, 97, 98, 180, 195, 201, 207, 227, 234, 241; see also Rationality
Eichrodt, Walter R., 34, 35, 263
Ekelund, Robert, 42, 263
Ely, Richard T., 66, 70, 232-233, 263
Emmett, Ross B., ix, 105, 113, 114, 183, 200, 208, 218, 220, 230, 241, 250, 251, 254, 255, 264
Environmentalism, 243
Ends/means disjunction, see

Means/ends disjunction
Epistemology, 5, 9, 196, 200, 203, 254; J. M. Keynes's, 139-141, 151-154; G. E. Moore's, 144-145, 146-147, 149, 150-151; Dugald Stewart's, 52-53; Richard Whately's, 54-55; religious knowledge, 43, 48, 49-51, 198, 243, 257; scientific knowledge, 43, 48, 51-54, 198, 243, 257
Ethics, 12, 13, 74, 75, 86, 97, 99, 116, 241; business, 83-84, 87, 99, 233-234; consequentialist, 11, 108, 145-148, 253; deontological, 11; social, 85, 92, 95, 117; G. E. Moore on, 141, 142, 143-149
Ethics, Christian, 4-5, 9, 10, 11, 71, 84, 89, 108, 142-143, 175, 183; biblical, 51, 175, 190; "love ethic," 107-109, 110, 111
Eucken, Walter, 121, 122, 126, 128, 130, 131, 132, 133, 134, 223, 242, 264
Everett, J., 66, 264

Fact/value disjunction, 5, 42, 43, 59, 168-169, 183-185, 187, 203, 217, 224, 231, 249-250
Fathers, Church, 12, 19, 20, 35-38; see also St. Augustine, St. John Chrysostom
Federalist, The, 125
Fitzgibbons, Athol, 139, 264
Foner, Philip, 70, 264
Francis of Assissi, St., 80, 94, 95
Frankel, Paul E., 264
Freiburg, University of, 121 Freiburg Circle, 125-126; Freiburg School (of economic thought), 125-126; see also *ORDO* Liberalism
Friedman, Milton, 92
Furner, M., 70, 264

Garnett, David, 148, 264
Gerrard, Bill, 139, 153, 264
Gladden, Washington, 65
God, 9, 59, 65-66, 71, 73, 75, 76, 100, 103, 104, 106, 118, 119, 120, 142, 147, 148, 165, 166, 175, 197, 198, 201, 218, 222, 228, 241; as social actor, 173-175, 177, 254; as socialist, 69; as worker, 25, 240; Fatherhood of, 91, 100, 165; immanence of, 23, 239; in Old Testament, 21, 22, 23, 24; Kingdom of, Kingdom of Heaven on earth, 69, 70, 71, 75, 76, 80, 81, 82, 85, 86, 89, 90, 181, 208, 228, 229, 232, 233, 234, 235, 240; Providence of, "design" of, 103, 106, 108, 112, 118, 165, 181, 182, 216, 228, 229, 235, 250; The Holy Spirit, 89, 207, 208; The Son, see Jesus
Godwin, William, 44, 264
Gonce, Richard A., 113, 264
Gordon, Barry, 12, 29, 174, 175, 184, 185-187, 188, 190, 198, 202, 208, 213, 227, 238, 239, 240, 251, 256, 254, 264
Gordon, H. Scott, 153, 264-265
Gould, S., 63, 265
Gow, Henry, 78, 265
Gutman, H., 63, 265

Haakonssen, Knud, ix
Hahn, Frank H., 197, 199, 259, 265

Halévy, Elie, 44, 265
Hamilton, Alexander, 125
Hammond, J. Daniel, 113, 265
Hampden, R. D., 51
Harcourt, C. G., 211, 253, 255, 257, 265; Harcourt Plan to Save the World, 211; his Chris-tian Socialism, 206, 208
Harcourt, Joan, ix
Harcourt, Rebecca, ix
Hawking, Stephen, 140, 265
Hayek, Friedrich A. von, 188, 194, 197, 265
Hazlitt, William, 45, 265
Headlam, Stewart, 78
Hébert, Robert, 42, 263
Hengel, Martin, 26, 265
Henry, Françoise, 24, 25, 260
Henry, John, ix, 165, 182, 195, 209, 220, 221, 222, 223, 240, 251, 254, 265
Herford, C. H., 79, 80, 81, 265
Hesiod, 19, 266; on work, 24, 25, 186
Heyne, Paul, 3, 7, 252, 253, 254, 266
Hillard, John, 139, 263
Hinds, Samuel, 49-50, 51, 185, 266
Hirsch, Eva and Abraham, 113, 266
Hollander, Samuel, 42, 266
Hollerbach, A., 121, 266
Holt, R. V., 79, 266
Hopkins, C., 65, 266
Hovenkamp, H., 63, 266
Hubbard, Joseph B., 36, 266
Hume, David, 252
Hunt, Henry, "Orator," 44
Hutchison, Terence W., 96, 113, 266

Ibsen, Henrik, 80, 81
Inglis, K. S., 78, 266
Inquirer, 81, 86, 89, 92
Iremonger, F. A., 79, 143, 266
Islam, 14, 122, 172, 176, 190, 235
Islamic banking, 122; see also Koran

Jesus of Nazareth, 9, 82, 85, 90; as economist, 91
Jeffrey, Francis, 52, 266
Jevons, Stanley, 81, 181, 217, 218
John Chrysostom, St., 35, 36, 37-38, 214
Johns Hopkins University, 70
Jones, P. 64, 266
Judaeo-Christian tradition, 9, 13, 14, 230
Judaism, 25-28, 29, 30-35, 79, 172, 212, 235; history of Israel, 20-22, 30-35; Talmud, 29
Jung, Clarence R., 107, 272
Justice, 67, 69, 70, 71, 75, 76, 83, 189, 238; economic, 67, 71, 72, 168, 175, 190, 221, 240, 241; social, 67, 83, 111, 201, 212

Kaldor, Nicholas, 211
Kalecky, Michael, 211
Kalsbeek, L., 189, 266
Kasemann, Ernst, 30, 266
Katouzian, Homa, 43, 267
Kern, William S., 107, 267
Keynes, John Maynard, Lord, 12, 139-159, 165, 167, 180, 184, 185, 191, 198, 199, 200, 209, 211, 217, 234, 236, 250, 253, 255, 256, 267; early beliefs, 148, 149;

epistemology, 139-141, 151-154, 198, 199, 253; Keynesian economics, 154-159; *Treatise on Probability* (1921), 152; *Tract on Monetary Reform* (1923), 157; *Treatise on Money* (1930), 155; *General Theory* (1936), 156, 158, 234
Keynes, John Neville, 42, 58, 185, 267
Kingdom of Heaven, of God, on Earth, see God, Kingdom of
Kinnear, Mary, ix
Knight, Frank H., 12, 103-120, 165, 169, 171, 172, 176, 183, 185, 191, 199, 200-201, 202, 205, 208, 210, 218-220, 230, 240, 241, 250, 251, 253, 254, 255, 256, 267-269; on democracy, 107; on discussion of values, 106-107, 110, 117, 169; identity of economics, economic theory, 113-116, 183, 219-220; on freedom, 110; on "liberal society," "liberal order," 107, 108, 109, 110, 111, 112, 117, 241
Kolakowski, Leszek, 9, 269
Koran, 7, 9, 167
Kuhn, Thomas, 184

Labour churches, 78, 79
Ladner, Gerhart B., 38, 269
Langholm, Odd, 12, 39, 269
Lavere, George J., 37, 269
Law, 8; Divine, 70, 73, 76; Natural, 12, 51, 73, 75, 76
Lawrence, D. H., 148
Lawson, Tony, 139, 269
Leipold, H., 137, 269
Leo XIII, Pope, 64, 269
Leroy, Stephen F., 157, 269
Liberalism, 107, 109, 110, 111, 112, 115, 117, 127, 220, 241, 242, 251; classical 126, 128; *laissez-faire,* 129, 134; Manchester School, 129, 134; as theology, 183; see also *ORDO* liberalism, Frank H. Knight
Liberation theology, 3, 5, 183, 212
Lindblom, Charles, 231
Lipsey, Richard G., 42, 186, 269
Littleboy, Bruce, 149, 269
Liverpool, Robert Banks Jenkinson, 2nd Earl of, 44
Lohse, Edward, 30, 269
Lyman, Stanford, 103, 104, 118, 119, 218, 275

MacIntyre, Alistair, 11, 269
MacQueen, D. J., 37, 38, 269
Mair, D., 197, 270
Malthus, T. Robert, 44, 56, 143, 165, 179, 216, 252, 256; *Essay on Population* (1798, 1803), 216, 270
Manchester New College, 79, 85, 100
Mandeville, Bernard, 48, 56, 180
Marshall, Alfred, 142, 179, 181, 184, 186
Marx, Karl, 236, 255
Marxism, 68, 209-210, 229, 246
Matthews, R. C. O., 189, 270
McCloskey, Donald N., 43, 194, 270
McCulloch, J. R., 59, 270
Meade, James E., 209
Means/ends disjunction, 42, 59, 115, 116, 124, 183-185, 219, 234, 242, 254

Meek, Ronald L., 210, 270
Meltzer, Allan H., 157, 270
Merriam, Thornton W., 105, 108, 111
Methodological individualism, 7, 199, 246, 255
Methodology, economic, 5, 6, 170, 176, 179, 194, 196; of classical political economy, 41-60, 179, 252, summarized, 57-58
Meyers, J. M., 34, 270
Mill, James, 44, 45
Mill, John Stuart, 45, 51, 59, 270
Mills, P., 190, 270
Miller, A. G., 197, 270
Mirowski, P., 71, 270
Mises, Ludwig von, 181
Moggeridge, Donald, 139, 146, 148, 270
Modern Sermons, 270
Moore, G. E., 12, 141, 142, 157, 158, 159, 167, 184, 270-271; conse-quentialism in, 145-148; criti-cism of, 149-154; on affections, 145, 150, 151; on beauty, 144-145, 149-150: on ethics, 143-149; *Principia Ethica* (1903), 141, 146
Morris, William, 82
Mosaic Law, 9
Müller-Armack, Alfred, 126, 127, 131, 182, 223, 242, 271

Nelson, Robert H., 104, 253, 255, 256, 271
New Englander, 66
Newton, Sir Isaac, 151, 167, 228
Newtonian science, 49, 63, 167, 188, 228, 231
Norman, E. R., 64, 271
Normative/positive disjunction, see positive/normative disjunction

O'Donnell, R. M., ix, 139, 145, 152, 153, 271
Ohrenstein, Roman A., 23, 271
Ontology, 200, 254, 257; and economic theory, 194, 196
Ordnungspolitik, 124, 128, 132, 133, 136, 252
Ordnungstheorie, 127, 133, 134, 223, 252
ORDO liberalism, 12, 121-138, 182-183, 199-200, 210, 223-224, 252; as a scientific program, 121, 125, 128, 132, 133; see also Freiburg School, Social Market Economy
ORDO yearbook, 122, 128
Ostrom, Vincent, 125, 271
Oxford, University of, 46, 47, 51, 80, 181, 211; Drummond Chair of Political Economy at, 46, 48, 55, 59, 164

Paley, William, 11, 44, 45, 46, 51, 55, 57, 63, 143, 165, 271-272
Pareto, Vilfredo, 96-97, 133, 140, 141, 157, 158, 168
Pascal, Blaise, 184
Patinkin, Don, 105, 155, 272
Paul the Apostle, St., 29-30, 84
Pesaran, Hashem, 139, 269
Petty, Sir William, 42, 252
Philosophic Radicals, Radicalism, 43, 45, 46, 53, 58
Pigou, A. C., 11, 272
Place, Francis, 44
Plato, 201

Political economy, 12, 41, 43, 45, 46, 47, 52-53, 87, 142-143, 181, 216, 252; as Dismal Science, 95; as hostile to religion, 45, 47-48, 50, 257; classical, 41-60, 179, 252; constitutional, 137, 224; ideological power of, 48, 164-165, 236, 255
Political Economy Club, 44
Positive/normative disjunction, 8, 11, 42, 106, 124, 125, 168, 182, 186, 201, 243, 255
Positivism, 43, 119, 132, 186, 194, 200, 223, 224; Comte's, 81-82; Logical, 133, 224
Powell, Baden, 51
Preston, Ronald H., 78, 272
Price, Catherine, ix
Property rights, private/public property, 65, 68, 74, 91, 130, 133, 137, 214, 222, 228, 229; in New Testament, 35-39; St. Augustine on, 37-38, 39
Pryme, George, 51, 272
Public Choice theory, 8, 134
Purvis, D. D., 42, 269

Rad, G. von, 23, 272
Raines, J. Patrick, 107, 272
Randall, J., 64, 272
Raphael, D. D., 201, 272
Rationality, 7, 8, 55, 113-114, 115, 116, 171-173, 176, 239, 244, 246, 253; entailed by *Imago Dei*, 239, 240
Rawls, John, 91
Read, Larry, ix
Reese, James M., 272
Religion: of Humanity, 81; Western, 14; and *passim*
Religion, identity of, 9, 14, 106; as ethical, 9; as intellectual, 9; as spiritual, 9
Rendtorff, Rolf, 20, 26, 272
Rhetoric: of economic discourse, 43, 194, 203, 215
Ricardo, David, 45, 79, 143, 252, 272
Richardson, Alan, 25, 272
Riese, Hajo, 125, 133, 272
Rights, civil, 109
Robbins, Lionel, Lord, 10, 42, 43, 58, 80, 181, 272-273
Robinson, Joan, 143, 210, 211, 273
Rogers, Colin, ix, 157, 273
Röpke, Wilhelm, 126, 127, 128, 131, 182, 183, 223, 242, 273
Ross, Dorothy, 64, 70, 105, 250, 273
Rotheim, Roy J., 157, 273
Rowland, Christopher, 211, 273
Rymes, T. K., 12, 140, 167, 184, 199, 234, 253, 256, 273

Samuels, Warren, ix
Samuelson, P. A., 55, 170, 273
Sardoni, Claudio, 205, 273
Say's Law, 180
Scarcity, concept of, 20, 42, 118, 122, 181, 228, 234; and economizing, 114, 115, 116, 185; and evil, 229-231; in Bible, 20
Schelkle, Karl, 30, 273
Schluter, M., 189, 273
Scholastic philosophers, 12; see also St. Anselm, St. Thomas Aquinas
Schumpeter, J. A., 12, 13, 14, 141, 180, 183, 188, 213, 273

Scott, R. B. Y., 23, 273
Scott, Sir Walter, 45
Seelye, Julius, 66
Self-interest, Self-love, see Egoism
Senior, Nassau William, 41, 43, 44, 46-48, 51, 56, 58, 59-60, 180, 182, 185, 233, 252, 274; on the identity of political economy, 47; *Introductory Lecture* (1827), 46; *Outline of the Science of Political Economy* (1836), 41; *Four Introductory Lectures* (1852), 59-60
Shaw, G. B., 208-209
Sidgwick, Henry, 145, 274
Simons, Henry, 129
Skidelsky, Robert, 139, 180, 184, 274
Slater, Dorothy, ix
Smith, Adam, 41, 165, 195, 197, 201, 216, 230, 236, 252, 255, 274; methodolgy of, 42, 52, 53; *Theory of Moral Sentiments* (1759), 195; *Wealth of Nations* (1776), 12
Sodom, apples of, 90, 208
Social choice, 104
Social Gospel, 64; in Europe, 64, 78, 89; in U.S.A., 64, 65, 66, 67, 68, 70, 221, 232; see also Christian Socialism
Socialism, 68, 69, 70, 73, 74, 75, 78, 79, 83, 91-127, 182, 189, 205, 206, 208, 229, 244; as collectivism, 129, 130, 135, 223-224; C. G. Harcourt's, 206, 208; Christian, 65, 66, 68, 69, 78, 205, 206, 216, 246; Guild of St. Matthew, 78; National (Nazi), 134; Radical, 82
Social Market Economy, 121, 126, 127, 133
Sociology, 8, 85, 103, 169, 241
Social Thought, Christian, 107, 127; impossibility of, 112; Papal Social Teaching, 127
Soggin, J. Alberto, 20, 274
Sowell, Thomas, 92
Spontaneous order, theory of, 52, 55, 91-92, 180, 181, 194, 197, 199; and "made" order, 194, 197, 200; Invisible Hand, 55, 165, 230; theological account of, 165
Sraffa, Piero, 96, 274
Stamp, Josiah, Lord, 123, 274
Steedman, Ian, ix, 79, 99, 100, 165, 171, 181, 194, 198, 202, 207, 209, 217, 233, 241, 244, 254, 256, 274
Steiner, P. O., 42, 269
Stewart, Dugald, 51, 54, 59, 275; on scientific knowledge, 52-53
Stigler, George, 105, 116, 275
Stretton, Hugh, 210
Sumner, John Bird, 44, 46, 59, 165, 275

Tanaka, T., 66, 275
Temple, William, 79, 142-143, 275
Theology, 9, 12, 13, 141, 183, 216; as subject of economics, 167; Deism, 174, 257; editors' definition of, 14; natural theology, 49, 55, 57, 59, 248, 256; of economics, 164; theodicy, 118, 216, 227-229; Unitarian, 89-90; see also Liberation Theology

Theology, Biblical, 20, 189-190; doctrine of Man, 26, 27-28; doctrine of the Fall, Original Sin, 20, 25, 27, 28, 38, 40, 172, 187, 198, 227, 228, 245, 246; Stewardship, 26-28, 29-30, 187
Thomas Aquinas, St., 80
Tillich, Paul, 230
Torrey, Charles C., 34, 275
Trevor, John, 79, 275

Union Theological Seminary, New York, 67
University College, London, 45
Utilitarianism, 45, 58, 165, 233; theological, 45

Value/fact disjunction, see Fact/value disjunction
Values, 43, 54, 58, 104, 107, 109-111, 112, 115-119, 137, 170, 171, 173, 194, 204, 220, 231-232, 238, 241; bourgeois, 126, 131, 136, 242; discussion of, Frank Knight on, 106-107, 109-110, 111, 113, 115, 117, 119, 219, 241; proletarian, plebeian, 131, 136; religious, 123-124, 164, 168-169, 202, 243; scientific study of, 169-170; social, 104, 236, 242
Vanberg, Viktor J., 137, 275
Vaughn, Karen, 245, 246-247, 253, 254, 275
Verheijen, Luc, 36, 275
Vidich, Arthur, 103, 104, 118, 119, 218, 275
Viner, Jacob, 12, 275
Virtue, 11, 96, 234; see also Wealth, and virtue

Wagner, Richard, ix, 201, 202, 210, 223, 224, 252, 257
Walker, Amasa, 66, 275-276
Walker, Graham, 125, 276
Walras, Léon, 188, 197, 244
Wants and needs, good and bad wants, 86, 87, 99, 100, 115-116, 169, 171, 172, 173, 183, 255-256
Ward, J. W., 51
Waterman, A. M. C., ix, 3, 43, 49, 51, 58, 112, 141, 179, 180, 181, 182, 188, 194, 195, 198, 215, 231, 243, 252, 276
Waterman, Margaret E., ix
Wayland, Francis, 251
Wealth, 21, 41, 47, 53, 54, 55, 66, 85, 86, 87, 88, 155, 182, 221, 241, 242; and virtue, 48, 54, 55, 56, 57, 88, 97, 241; in Bible, 21, 23, 32-34
Westminster Review, 45, 55, 274
Weber, Max, 113
Wellhausen, Julius, 20
Whately, Richard, 5, 11, 12, 43, 44, 46-51, 53-60, 164, 174, 181, 182, 191, 194, 200, 210, 232 233, 251, 252, 256, 257, 276; his demarcation of political economy from religion, 43, 168, 170, 185, 198, 231, 243, 254; his methodology of political economy, 57-58, 168-169, 215-216; on economic theory, 55-56; on ethical neutrality of political economy, 56-57; on ideological power of political economy, 5, 46; on religious knowledge, 50-51, 188; on scientific knowledge, 53
Whitehead, Alfred North, 184

Wicksteed, Philip Henry, 12, 77-101, 165, 171, 172, 174, 175, 176, 194, 201, 202, 204, 208, 209, 219, 220, 232, 234, 240, 241, 250, 251, 253, 254, 256, 261, 276-278; his economism, 80, 96, 97, 100, 164, 169, 247; his teachings, 93; on connection between economics and religion, 77, 79, 80, 86, 95, 99, 101, 181, 198, 217; on introspection, 81-82; on Kingdom of God on earth, 82, 85, 89, 90, 207, 233; on marginal analysis in ethical choice, 80, 88, 93, 95, 97, 99, 202, 218, 247; on marginal productivity and distribution, 92, 94, 96, 244; on marginal utility, 87, 90, 94, 96; *Alphabet of Economic Science* (1888), 90, 94, 275; *Co-ordination of the Laws of Distribution* (1894), 94, 95, 275; *Common Sense of Political Economy* (1910), 94, 96, 99, 100, 209, 275; "Scope and Method" (1914), 96, 99

Winnett, Adrian, ix

Winer, Stan, ix

Wittgenstein, Ludwig, 207

Wordsworth, William, 45-46, 80, 81, 86, 278

Work, concept of, 20, 186, 202; in Bible, 20, 25-30; in New Testament, 28-30, 187, 202; in Old Testament, 25-28, 186-187, 202, 240; Pauline doctrine, 29-30, 187

Wright, C. J. H., 190, 278

Youmans, E., 66, 278

410110
THEOLOGY LIBRARY
CLAREMONT, CALIF.

HB
72
.E26
1994

Economics and religion : ... c1994.
(Card 2)
Knight: economics versus religion / Ross B. Emmett -- ORDO liberalism and the social market economy / Richard E. Wagner -- Keynes and knowledge / T.K. Rymes.
ISBN 0-7923-9443-7 (acid-free paper)

1. Economics--Religious aspects--History of doctrines. 2. Economics--History. 3. Religion--History. I. Brennan, Geoffrey, 1944- II. Waterman, Anthony Michael C. III. Series

410110

CCSC 01 AUG 95 29634209 CSTMxc 93-50649

What is the relation between economics and religion? In particular, are theology and economics entirely autonomous and distinct areas of inquiry? *Economics and Religion: Are They Distinct?* takes an inductive approach using case studies to shed light on the extent to which economics may be regarded as independent of the religious beliefs of its practitioners. These case studies comprise the first part of the book and are listed chronologically. These case studies are followed by commentaries, or interpretive essays; the authors of these commentaries acting as a jury to consider the question "How sensitive is economics to theological considerations?" The editors provide a concluding chapter summarizing both the evidence and the findings.

0-7923-9443-7